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Ideas on Liberty

NOVEMBER 1970

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LEONARD E. READ *President*, Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

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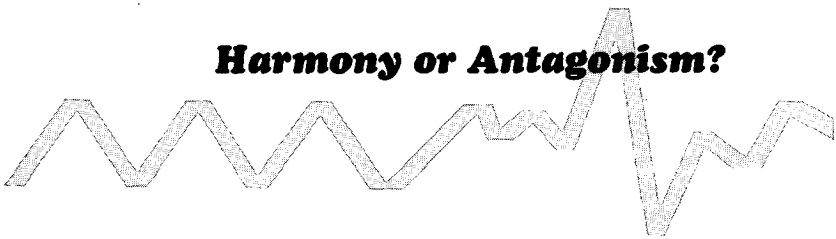
Harmony or Antagonism?



FREDERIC S. BACON, JR.

IN THIS AGE of the "welfare state" there has been an accelerating drift toward more and greater concentration of social power in the hands of the state, resulting in increasing interference in our daily lives, our personal liberties, and our economic freedoms – all maintained and enforced by the coercive police power of the state. Before we reach that point of no return – beyond which it will be impossible to recapture our God-given rights to life, to liberty, and to the pursuit of happiness, we should pause to consider the question: *Are men's interests, when left to themselves, harmonious or antagonistic?*

About 120 years ago, Frederic Bastiat, a French political economist, answered this question in an essay entitled "To the Youth of France."[1] Bastiat's analysis is particularly applicable to the turmoil in America today. He argued that all men's impulses, when motivated by legitimate self-interest, fall into a harmonious social pattern, and it is the intervention by the state in attempting to redirect these interests that causes turmoil and dissension.

Bastiat pointed out that if we assume that men's interests are harmonious the obvious solution to our social problems is simply not to try to redirect these interests. If we accept the opposite, that men's interests are inevitably bound to clash – the concept of the "welfare state" – and that the conflict can be averted only through the creation of an artificial social order to be enforced by the police

Mr. Bacon owns and operates the Business Service Company of New Bedford, Massachusetts, specializing in bookkeeping, tax service, records, and business consultation.

[1] Frederic Bastiat, *Economic Harmonies*, Irvington-on-Hudson, New York: The Foundation for Economic Education, Inc. $3.50 paperback.

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power of the state, then mankind is surely in serious trouble, and we must get some solid answers to these questions:

1. Shall we be able to find a workable plan for society and a man to implement it?

2. Will this man be able to win over to the selected plan others who have conceived different programs for society?

3. How will the final form for society be selected, adopted, and implemented?

4. Will men submit to the selected planned society, which, according to our hypothesis, must run counter to every man's interests?

5. Assuming that mankind will consent to being regulated under the selected plan, what will happen if another, obviously better plan, is developed? Should we preserve a bad social order, knowing it to be bad; or are we to change the social order according to the persuasiveness of the inventors of new plans?

6. Will not all others whose plans have been rejected unite against the accepted plan with the better chance of destroying it because, by its very nature, it runs counter to every man's self-interest?

7. Is there any human force capable of overcoming the fundamental antagonism which is assumed to be characteristic of the self-interests of all men?

8. If individual self-interest is antagonistic to the general interest, where would the principle of force be established? It would necessarily be outside of humanity in order to escape the consequences of our premise.

9. If a man or men are entrusted with the arbitrary power necessary to enforce a contrived social order, they must be different from the rest of us; they, unlike us, must not be moved by self-interest; and, when placed in a position where there can be no possible restraint on them or any resistance to them, they must be exempt from error, from greed, and from covetousness.

The Case for Nonintervention

It stands without proof that it is not necessary to force into harmony things that are inherently harmonious. It is also without question that there is a natural harmony among men's interests, and so to solve the social problems confronting us it is simply necessary not to try to redirect them.

The idea of liberty is based on the premise that men's interests, when left to themselves, tend to form harmonious combinations and to work together toward "the good life." If one has faith in the wisdom of the Laws of Providence,

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Nature, and God, one must have faith in freedom. Those who would direct and control the actions of men have accepted the Theory of Discord — that men's actions, when left to themselves, are antagonistic. They propose to substitute coercion for freedom, a planned social order for the natural, and a work of their own contrivance for the handiwork of God. The idea of liberty is to let men labor, exchange, learn, band together, act and react on one another; according to the Law of Nature there can result from their free and intelligent activity only order, harmony, progress, and all things that make for "the good life" because there never was, never is, and never will be any disorder in nature.

For the Laws of Nature to be harmonious, it is not necessary that they exclude evil. Evil has its purpose. It is self-limiting. Every pain is a means of preventing greater pain by the elimination of its cause. Every individual is a free agent, and, when man is free, he can choose; since he can choose, he can err; since he can err, he can suffer. He must suffer; for he starts in ignorance, and in his ignorance he sees before him an infinite number of choices. All but one leads to error. All error breeds suffering. This suffering either falls upon the one who has erred, setting in operation the Law of Responsibility; or else it strikes innocent parties, in which case it sets in motion the Law of Solidarity.

The Essential Freedom to Choose

The action of these laws, combined with the ability of men's minds to see the connection between cause and effect, brings man back, due to his suffering pain, to the path of righteousness and truth. However, if evil is to fulfill its purpose, the Law of Solidarity must not be made to artificially encroach upon the Law of Responsibility; the freedom of the individual to choose must not be restricted. Governments, under the pretext of fostering among men an artificial kind of solidarity, have dulled and made ineffective the individual's sense of responsibility. This lessens the correcting effect of error by spreading the consequent suffering among the innocent.

Through improper use of the coercive police power of government, the relation between labor and wages has been impaired, the operation of the laws of production and exchange has been disturbed, the natural development of education is distorted, capital and manpower are misdirected, minds and actions warped, absurd demands inflamed, wild hopes dan-

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gled before men's eyes, unheard of quantities of human energy wasted, centers of population relocated, and even experience itself made ineffective.

In this age of intervention – under the "welfare state" – men's interests have been given artificial foundations. They cannot help but clash. And the thought leaders in the news media, in government, and in the intellectual establishment say: "You see, all men's interests are antagonistic. Personal liberty and economic freedom cause all the trouble. Both must be stifled."

Nature cares nothing whatever about motive or intention; she cares only for order, and sees only that disorder shall be corrected, and that the regular orderly sequences of actions be upheld. God made men's interests harmonious. Let us follow the Laws of Nature. Let us do away with coercive redirection of men's actions. Let us return to the concept, as expressed by Thomas Jefferson in a part of one sentence in the Declaration of Independence, ". . . men are endowed by their Creator with certain unalienable rights. . . ." Men must be allowed to be responsible for their own actions and should not look to government for anything beyond the protection of life and property and the establishment of justice.

For men to have true liberty and economic freedom the government must be limited. Government should do only those things, in defense of life and property, which private citizens cannot properly do each man for himself.

Let all men have personal liberty and economic freedom. That is the Law of Nature. Then and only then will there be peace among men and will mankind achieve "the good life"; for there never was, never is, and never will be any disorder in nature.

IDEAS ON LIBERTY

Economic Harmonies

THE SOCIAL WORLD is rich in harmonies that we do not fully perceive until our minds have gone back to their causes, in order to find their explanation, and have then gone forward to their effects, in order to know the ultimate purpose of the phenomena they exhibit. . . . .

FREDERIC BASTIAT (1850)

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ENDS AND MEANS

WILLIAM W. BAYES

THE HONEST SEEKER of truth faces an exceedingly difficult task in penetrating the murky fog of claims and counterclaims made by the zealous advocates of various causes. All men proclaim lofty ends. No man proposes to demonstrate the evils which will follow the adoption of his plan. No association or religious sect that hopes to acquire a large influence and many members sets out to show how affiliation with it will be detrimental to one's interests. Still less are political parties disposed to persuade voters that they intend to bring the nation to ruin if their candidates are elected to public office. Even dictators must convince their people that they are working for the "common good."

The only general agreement among men is that all ends should be good. Problems arise because men do not universally agree on what is good. The conceptions of good multiply as the view narrows from the general to the particular. Thus men agree that life is good, but they do not agree that life should be preserved in all cases: the lives of an honest man, a convicted murderer, a steer, and a mosquito are not regarded with equal reverence.

Men disagree, also, concerning the means which may be legitimately used to achieve even those ends upon which they completely agree. They generally agree, for instance, that all should have an opportunity to obtain an education; but some believe that the education should be provided by the state (*taxpayers*), while others believe it should be earned and paid for by the recipient.

The noncommunist world gen-

Mr. Bayes recently retired from the U.S. Air Force.

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erally subscribes to the belief that the end does not justify the means. (This truism should be stated: The end does not *always* justify the means. I will explain this revision later.) The communists believe that "... the end justifies the means, and that the means can find no other justification than that it serves the end."[1]

Marxist Morality

Karl Marx, who is now often pictured in the West as a great-hearted social reformer, originated this immoral code in his communist movement (though not absolutely, of course):

> He expelled people from his Communist party for mentioning programmatically such things as "love," "injustice," "humanity," even "morality" itself. "Soulful ravings," "sloppy sentimentality," he called such expressions, and purged astonished authors as though they had committed the most dastardly crimes.[2]

Marx would be proud of his political heirs, who have not departed from his peculiar path to morality. (It must be remembered that even Marx envisioned what he believed to be a noble end, the paradisiac classless society.) Other persons, who are not communists but who, as experts on communism, have drunk too often at the Marxist fount, seem to have ingested some unsound ideas:

> Nor does the assertion stand up that moral systems, however utopian, do serve as checks against barbarian excesses. Neither Christianity nor humanist ideals succeeded in preventing the bestialities of Auschwitz and Buchenwald. Indeed, . . . it often seems that the existence of moral sentiments or moral convictions permit [*sic*] inhumanities of this sort; they serve as some sort of other-worldliness, which lulls us into the pleasant belief that, somehow, somewhere, the perpetrators will be punished. Thus moral convictions allow us to bear the evil against which, without these, we might rebel.[3]

Should we, then, aim no higher than at a balance of terror? Mr. Meyer seems to forget that, without "moral sentiments or moral convictions," there can be no conception and identification of evil. Are we no more capable than the animals of discerning good from evil and aiming at the good? Mr. Meyer, like so many others today, seems to have trouble identifying *causes:* the proximate (though not the ultimate) cause of inhumani-

[1] Alfred G. Meyer, *Leninism* (New York: Frederick A. Praeger, Publishers, 1962), p. 87.

[2] Max Eastman, *Reflections on the Failure of Socialism* (San Diego, Calif.: Viewpoint Books, 1955), p. 85.

[3] Alfred G. Meyer, *Marxism: The Unity of Theory and Practice* (Cambridge: Harvard University Press, 1964), p. 148.

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ties is men's failure to live up to the standard, not the standard itself. But he cannot really believe that the standard should be discarded, since he soon lapses into writing about the "good life on this earth."[4] To call something "good" is to refer to a standard. All want to retain the standard: good men so that they may improve themselves by aiming at it; bad men so that they may justify their acts by citing the "good" end they have in view. Since no one wants to discard the standard, it is vain to blame it for men's failings. In any case, we are not without tools with which to measure and weigh men's announced intentions and acts.

We may analyze the end itself to determine whether it is indeed good. But we may also compare the end to the means to reveal whether each is compatible with the other. The means, after all, contains the end. Emerson wrote that "cause and effect, means and ends, seed and fruit, cannot be severed; for the effect already blooms in the cause, the end pre-exists in the means, the fruit in the seed."[5] But the means, it should be emphasized, contains only its *natural* end and not necessarily the end *predicted* by ardent advocates.

Evil Means Cannot Achieve Good Ends

In defense of the use of evil means, some social engineers have said (with the assurance of having produced an unassailable argument), "You've got to break eggs to make an omelet!" And if perchance that argument should fail because no human is injured when the egg is broken, resort is then had to an analogy between surgery on a human and surgery on a social body.

It should not be necessary to point out the fallacies in the egg argument (one has already been mentioned).

Let us consider for a moment the surgery analogy. We must first observe that surgery is performed only with the patient's consent. Does the social engineer hope to obtain the consent of every member of society who will be affected by his "operation"? Secondly, the patient submits to surgery only when *no* other, less extreme, means is available to him. From the patient's viewpoint, as well as the surgeon's, the operation is a *defensive* measure. Finally, the results of surgery are far more predictable on the whole than are those of social planning. The surgeon confines himself to an integral unit whose processes are pret-

[4] *Ibid.*, p. 149.

[5] Ralph Waldo Emerson, "Compensation," *Essays and English Traits*, vol. 5 of *The Harvard Classics*, ed. Charles W. Eliot, LL.D., 51 vols. (New York: P. F. Collier & Son Corporation, 1937), p. 90.

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ty well known and whose reactions to the stress of the surgery may be predicted with a large measure of success.

Good cannot come from evil. Since the end pre-exists in the means, evil consequences must flow from evil acts. Just as life can come only from life (the doctrine of biogenesis), so good can come only from good. Most persons would not dispute the fact that like comes only from like (which is the reason the alchemists were never successful in their endeavors to transmute baser metals into gold), but many do not believe that this principle can be applied to human relationships. (But none are so skeptical as to believe that the way to win someone's love is to behave uncivilly toward him or her.)

If we can transpose the physical law that like can come only from like to the moral realm, we may infer that a good end can *not* be achieved by the use of evil means and its corollary that good means, rightly construed, *must* attain a good end. We are able to observe and understand this principle when only two persons are involved, such as in a marriage or in a business partnership; but we cannot clearly see that every act, whether for good or for evil, must inevitably cause a like reaction in the larger and more complex relationships within a social body. Unfortunately, it is not always easy to trace the consequences of a public act, since delayed reaction and multiple causes and effects occurring concurrently often obscure the ultimate result of a single act. Such difficulties do not usually attend the observation of the *immediate* results of our acts; these can be seen and felt immediately and absolutely.

Means Become Ends

Having selected a means, we do not automatically carry it out. Each means becomes, and must become, an intermediate end: when we decide that we will use a certain means and plan the steps to implement that means, we thereby make of it an end. We cannot so much as take a pen in hand without first purposing to do so. Every act and, therefore, every means is preceded by a purpose, or plan, to act. That purpose is an end. If my end is to go to work in the morning, every act I must perform to reach that end – including rising from bed, washing, shaving, dressing, breakfasting, and the like – must first be purposed. When it is purposed, it is not yet an act, but is an end. Each of these acts may be further broken down into multiple ends and means. Every purpose, then, however fleeting and insignificant, is an end; and

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the consequent act, however simple and brief, is a means. We establish thousands of such ends and means in getting through a normal day, most of them in an unconscious manner.

Let us consider a simple example. Let us imagine that we are standing in a crowd of people assembled to view an important person or event. In order to get a better view (first end), we determine that we must rise on our toes (first means). But note—*selecting* the means is not the same as *executing* the means. We must now establish the end (second end) of rising on our toes; the means (second means) used is to press against the earth with the balls of our feet. We should observe that the means had to become an end before it could be carried out. We should also observe that the "end-in-the-means" was the only certain end, i.e., we *knew* we would rise on our toes by pressing the balls of our feet against the earth. But we were *not* certain we would obtain a better view by doing so.

Each Means Is First an End

We have seen that every act or means is first an end. It is therefore nonsense for a person to cite a remote lofty end which he hopes to achieve in order to excuse himself for committing a present evil deed, as if that deed were not even more directly and absolutely his aim. He had to *intend,* or purpose the evil deed, else it never would have become an act. The stark fact is that, given an opportunity to choose from a number of possible acts, none of which would certainly produce any effect or end except the one immediately flowing from the act, he chose to commit an evil act.

It follows, therefore, that those who would use evil means to achieve a distant and as yet unreal noble end, while ignoring the very real noble behavior now possible to them, do not intend to do good. It is deeds, after all, which have consequences that can be experienced (felt). If such persons habitually resort to acts involving the use of force or fraud, they reveal thereby their disguised ends. To refer always to some ultimate good in order to sanction evil acts is to deceive first oneself and then others. Men's character, it seems clear, is revealed more in their choice of means (which, we must not forget, are ends) than in the ends they profess.

Nor may the reality of the present deed be taken as a call to go about doing "good deeds" which rely upon the involuntary contributions of others to carry out. If we are capable of thinking, feeling, and acting, we must assume

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that other humans are similarly capable. Making that assumption is the most noble behavior a human can practice. Some persons in our society, who are considerably enraged at the prospect of self-appointed censors' determining what they shall be permitted to read or view in a theater, are not at all reluctant to do another's thinking for him in order to achieve what they call "social justice." They are apparently unaware of the monstrous inconsistency of their positions.

The Means Must Qualify as an End

Thus I arrive at what I believe men should take as a maxim: *Where there is a better choice available, no means which cannot itself qualify as an end should be used.* No man could justify terror as an end, yet the communists have attempted to justify the use of terror as a means of forwarding the revolution and industrialization toward the ultimate end of the classless society. Only the means was certain. The communists therefore traded a certain, immediate evil for an uncertain, remote "good." While waiting for this paradise on earth, the peoples of communist nations have been subjected to a species of slavery cloaked as a necessary means. In spite of their horrendous example, we have our own social engineers whose means always involve involuntary servitude.

That an ideal society cannot be built by the use of such means has been eloquently stated by Milovan Djilas, the former Vice-President of Yugoslavia:

> Throughout history there have been no ideal ends which were attained with non-ideal, inhumane means, just as there has been no free society which was built by slaves. Nothing so well reveals the reality and greatness of the ends as the methods used to attain them.
>
> If the end must be used to condone the means, then there is something in the end itself, in its reality, which is not worthy. That which really blesses the end, which justifies the efforts and sacrifices for it, is the means: their constant perfection, humaneness, increasing freedom. . . .
>
> No regime in history which was democratic — or relatively democratic while it lasted — was predominantly established on the aspiration for ideal ends, but rather on the small everyday means in sight. Along with this, each such regime achieved, more or less spontaneously, great ends. On the other hand, every despotism tried to justify itself by its ideal aims. Not a single one achieved great ends. . . .
>
> Thus, by justifying the means because of the end, the end itself becomes increasingly more distant and unrealistic, while the frightful real-

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ity of the means becomes increasingly obvious and intolerable.[6]

Where it is *certain* that there is no better choice, an *apparently* evil means may be used; but it should be discarded as soon as a better choice appears. Cutting the body of a human can never qualify as an end in itself; but, as surgery, it may be the indispensable means to save a life. Its necessity, which almost completely eliminates choice (except, perhaps, the alternative to be crippled or blind, or to die), seems to remove it from the category of good and evil. Thus, to justify the use of what would ordinarily be evil means, the end must be the preservation of life itself or of a value without which life would not be worth the living, and there must be *no* better choice of means available to achieve that end.

How can we recognize means which really bless the end, means which could themselves qualify as ends? Immanuel Kant has given us two imperatives that may be of enormous help in this primary task of determining just means.

The Categorical Imperative

The first is what Kant called the *categorical* imperative: "Act as if the maxim of your action were to become by your will a general law of nature."[7] This imperative, when used to assess various modes of human behavior, helps us to see what the ultimate effects of those actions would be if practiced by everybody.

We know, for instance, that there are fundamentally only three ways to obtain something of value that we need or want: (1) steal it from someone else; (2) receive it as a gift or as charity from someone else; or (3) produce it oneself or work to acquire the money to buy it. Kant's categorical imperative, applied to each of these methods in the economy, results in the following possible standards:

1. Everyone steals from everyone else.
2. Everyone depends upon the production and generosity of everyone else (charity or public welfare).
3. Everyone who is able to do so produces, i.e., works.

Number one was the standard until the advent of the Industrial Revolution. Because the requisite technology was not available to extract large quantities of raw materials from the earth and to convert them easily and cheaply into an abundance of tools and consum-

[6] Milovan Djilas, *The New Class* (New York: Frederick A. Praeger, Publisher, 1957), pp. 162-63, passim.

[7] Carl J. Friedrich (ed.), *The Philosophy of Kant: Immanuel Kant's Moral and Political Writings* (New York: Random House, Inc., 1949), p. 170.

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er products, wealth was thought to be static. One could not produce or create great wealth; one could only plunder it from those who possessed it. Only the mighty succeeded, of course, in acquiring reasonably great wealth. Such a standard obviously limits the possession of a good living standard to a very few; the majority is condemned to a life of grinding poverty. Universal plunder is clearly not a worth-while standard, not only because of its moral implications, but also because of its low productivity.

Number two is obviously a state of universal dependency. This condition will never be truly approximated because, fortunately, there will always be large numbers of producers – persons who work and create simply because they must, because they reject dependency, because they want to *build*. Danger arises when their numbers become too few to sustain a viable economy. It is clear that number two is really no better a standard than number one – for the same reasons.

We may observe that the only possible and the only moral economic standard is that of universal production. Whatever motivates individuals to devote their wills and efforts toward personal productivity, including the positive factor of the possibility of reward and the negative factor of (not punishment but) stern necessity. It was as much the spur of necessity as anything else which has resulted in the extraordinary technological progress man has made – necessity operating in an atmosphere of freedom to think, to plan, and to implement that plan, and to bear risks and to win any rewards ensuing from successful plans and efforts. On the other hand, whatever encourages or permits persons to defraud or to steal or to depend upon public welfare when they are able to work obviously diminishes the number of producers and the total product, besides causing the growth of a class of perennial dependents. These facts may seem very elementary, but public officials often behave as though they do not understand the principle involved – that production is the *only* path to prosperity. It is the so-called obvious that often escapes critical analysis, particularly when the interests of some collide with facts.

Modes of Social Conduct

When applied to government, the categorical imperative reveals various modes of organization of society:

1. Everyone does everything he pleases. (No organization; anarchy.)
2. Everyone does what everyone

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else pleases that he shall do. (Impossible!)

3. A variation of number two: everyone attempts, by law, to restrain or compel everyone else.
4. Everyone does as he pleases, except that he must not violate the constitutional rights of anyone else.

The absurdity of numbers one and two will, I believe, be readily apparent to all.

Every form of oppression – whether autocracy, oligarchy, or majoritarian democracy – results, in the political realm, from number three: the tendency of each of us to fear our fellow men and attempt to prevent them from acting freely, whether by restraint or by compulsion. (Most of us, of course, are not fully aware that our guiding principle is *force*.) We believe that *we* should be free to act, but we doubt the good intentions of our neighbor. This principle is self-defeating. Just as "the only way to have a friend is to be one,"[8] so the only way to have freedom for ourselves is to permit it for others. Every act of force must cause a forceful reaction, and so the cycle keeps repeating. If we seek and obtain restrictive or compulsory legislation, we gain nothing; for we ourselves shall be restricted or compelled as much as our fellow men. Though we may see only the particular law in which our will seemingly works, we shall have advanced only the principle of force and shall have inhibited the creative activity of free men. Thus, if all (or nearly all) of us work for the principle of force, and none of us for that of liberty, we shall be responsible for the monster who chains us.

[8] Emerson, "Friendship," *Essays and English Traits*, p. 116.

Fear and Freedom Inversely Related

There appears, then, to be an inverse ratio between fear and freedom: as a people's fear – of foreign or domestic enemies or of economic depression – increases, freedom decreases *pari passu*. Hence the enemies of freedom in every nation seek to keep the people in a state of fear. Fearful people, after all, need the protection of an all-powerful state. It is not accidental that every nation today has far larger armed forces than during the era of laissez-faire capitalism, which was a time of relative peace, nor that communist nations have so immense and pervasive a police apparatus.

As fear and freedom function inversely, so courage and liberty rise or fall together. There is no way in which we can retain our liberties if our courage fails. (Witness the inroads made by state intervention during the

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Great Depression.) And the current practice of conditioning citizens to be dependent upon the welfare state is not likely to increase their courage. Courage, at once the cause and effect of self-reliance, grows when one encounters and overcomes obstacles. This being so, what will be the effect if all of us rely upon the state for our security? Disaster. For the state is a mythical entity, which has no existence apart from the individuals who compose it; it cannot receive, as if by blood transfusion, the courage and vigor which flow out of the people. That courage and that vigor are *lost* — to the individual and to the state.

The fourth maxim listed may be recognized as the essence of constitutional government. It is often said that ours is a government of laws and not of men. This statement means (or should mean) that no man, or group of men, is free to make arbitrary judgments or decisions in the conduct of public affairs. It should also mean that rights of individuals are protected from the assaults of combinations of men. In implementing the Constitution and the laws, therefore, public officials have a duty to consider only the rights of individuals, since groups, as such, have no rights. Nor may the individual rights of members of a group be added up to defeat the rights of a single individual. The so-called rights of groups inhere in and flow from the rights of the individual who is a member of the group. No matter how large the group, it can assert the rights of only one individual. To believe otherwise is to accept the "might makes right(s)" philosophy.

The Practical Imperative

Kant's second imperative, which he calls the *practical* imperative, is this: "Act so as to treat man, in your own person as well as in that of anyone else, always as an end, never merely as a means."[9] An individual may be used as a means only when he, the individual himself and not some collective man, is *simultaneously* the end. When taxes are taken from one person and applied to the support of another (whether through aid to education, Medicare, a guaranteed annual income, or anything else), the first person is being used as the means and the second as the end. It is deceptive to say that these aids will be available to all, because many persons will never use them. The government, which is supposed to be the guardian of justice, thereby violates the first principle of justice: it dispenses, not a uniform brand of justice to all citizens alike, but a brand which varies with the social or

[9] Friedrich, *Philosophy of Kant*, p. 178.

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economic status of citizens. If it had the blind eyes of justice, it would insure that every public act reached *every citizen* as an end. The so-called common good can thus mean only the total of individual "goods."

It is safe to say that no dictator or totalitarian government in history has ever emphasized the rights of individuals, a fact which should stand as a beacon to all whose highest aspiration is the freedom to become. On the other hand, those who hope to further the collective society know *their* enemy and have always inveighed against individualism:

> Karl Marx wrote, "The Democratic concept of man is false because it is Christian. It holds that each man has a value as a sovereign being. This is the illusion, dream and postulate of Christianity."[10]

> Adolf Hitler wrote, "To the Christian doctrine of the infinite significance of the individual's human soul, I oppose with icy clarity the saving doctrine of the nothingness and insignificance of the individual human being."[11]

But, if the individual – who thinks, feels, and acts – does not have supreme worth, who or what does? Obviously, the collective. Jules Monnerot calls this the Myth of the Species:

> To abstract the individuals who compose it is to endow the Species with transcendence; but, in fact, the Species is only accessible through the individuals. Hypostatized as an abstraction, it becomes a transcendent and all-devouring entity; and to immolate existing individuals for the sake of future individuals – or of the Species (the ambiguity is the essence of mythical thinking) – is to feed this transcendent entity with human sacrifices. But if the whole chain is present in each of its links, if the individual and the Species are each immanent in the other, then this immolation of individuals may be the destruction of the Species as well.[12]

We should not forget that Kant said we are not to use ourselves as means only. Thus a man may not elect, rationally, to be used merely as the means for the ends of others, even though he may believe he is being very unselfish and noble in doing so. He cannot logically assert that he is concerned with the humanity of others while disregarding his own humanity, any more than he can logically refer to the mote in other men's eyes while disregarding that in

[10] Quoted by Fred G. Clark in *How to Be Popular Though Conservative* (New York: D. Van Nostrand Company, Inc., 1948), p. 101.

[11] *Ibid.*

[12] Jules Monnerot, *Sociology and Psychology of Communism* (Boston: The Beacon Press, 1953), pp. 280-81.

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his own. This accords with the Commandment: "Thou shalt love thy neighbor *as thyself*"[13] (emphasis is mine). If Karl Marx, for instance, had been more concerned about his own welfare and that of his wife and children, we could perhaps better believe the portrait of him as a lover of all humanity. Instead, he lived as a frequent dependent of his collaborator, Friedrich Engels, often in grinding poverty. If a man sacrifices himself and his family, whose existence is more real and normally more dear to him than that of others, we may be pardoned for believing that he will not hesitate to sacrifice others.

The Golden Rule

Another guide to the selection of just means is the Golden Rule: "Therefore all things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets."[14] This principle is expressed in the negative by Confucius: "Do not do unto others what thou wouldst not they should do unto thee."[15] This rule is *not* valid, however, for *everybody*. It requires that the individual have a proper (i.e., just) self-image: he must evaluate his own intrinsic worth *as a human* as no greater and no less than that of any other individual. Respect for others' individual rights to life, liberty, and property is the political expression of this moral precept. If a man believes his own person is more important than that of others, he will sacrifice the rights of others to his own cause. If he believes that the person of another is more important than that of his own, he will sacrifice his own rights (i.e., be used as a means) to the cause of that other person. If he believes he is *as* important as others, he will neither demand nor accept sacrifice. This rule does *not* prohibit either the recognition and reward of individual merit or the identification and punishment of crime. It merely requires that we do not value our own *person*, as opposed to our own achievements, more highly or less highly than that of another.

With the above limitation in mind, what are some ways in which we may comply with this Golden Rule?

First, we must respect other persons as the thinking, feeling, acting beings that they are; and we should realize that no one, ourselves included, is infallible. If we pay this respect, we will be un-

[13] Mark 12:31.

[14] Matt. 7:12.

[15] "The Sayings of Confucius," *Sacred Writings*, Part 1, vol. 44 of *The Harvard Classics*, ed. Charles W. Eliot, LL.D., 51 vols. (New York: P. F. Collier & Son Corporation, 1937), p. 53.

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likely to decide that we know what is best for our fellow men and attempt to implement our own plan in the law. Frederic Bastiat expressed this idea eloquently:

> Oh, sublime writers! Please remember sometimes that this clay, this sand, and this manure which you so arbitrarily dispose of, are men! They are your equals! They are intelligent and free human beings like yourselves. As you have, they too have received from God the faculty to observe, to plan ahead, to think, and to judge for themselves.[16]

We must resist force and fraud. But, in doing so, we must not become that which we have condemned. If we do, in what essential respect will we differ from those whose actions we deprecate? In the fact that we were not the first to commit a certain act? Every man since Adam has been able to seek that refuge. We cannot in good conscience criticize another for doing that which we would do in the same circumstances. In resisting force and fraud, therefore, we may use force only in self-defense. This principle is of supreme importance in times like the present, when provocations abound.

Nor may we wait for every other person in the world to do the right thing before we will do it, else no one would act morally. The Golden Rule requires example: it says we should do to others, not what they do to us, but *what we would have them do to us*. If we regard a certain principle as good and just, therefore, we ought to practice it whether others do or not. This concept does not rule out legitimate self-defense. If it is right to protect others, either by not initiating force or fraud against them or by defending them against force or fraud initiated by others, it is right to protect ourselves, for we are human, too. The admonition Jesus gave his disciples is appropriate: "Behold, I send you forth as sheep in the midst of wolves: be ye therefore as wise as serpents, and harmless as doves."[17]

If we set out to reform ourselves, we will then not set standards for others which we do not ourselves practice. One of the best ways in which we can guard against destructive criticism is to watch our speech. Our speech, a powerful means, reveals our ends. Our speech attracts or repels, praises or condemns, inspires or disheartens, honors or dishonors, conciliates or antagonizes, enlightens or deludes, identifies or obscures, unifies or divides – and thus with each expressed thought advances good or evil.

[16] *The Law* (Irvington-on-Hudson, New York: The Foundation for Economic Education, Inc., 1964), p. 48.

[17] Matt. 10:16.

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advances good or evil. As Leonard Read so frequently points out, we can advance the cause of limited government, liberty, and the free market best by the power of attraction. If we wish our ideas to attract, we must be positive in our rhetoric.

We may – indeed, must – surely identify error and, to the extent we are able to do so, reveal the means of correcting it. But we must avoid the temptation to label everybody with whom we disagree a public enemy. We must, instead, find ever better, more lucid demonstrations of the correctness of our own position. (It is, of course, equally important to insure that our own position *is* the correct one.)

We must, then, examine the ends and means of those who would persuade us. To that end, I have devised a tentative series of questions, which the reader may improve upon, to assist in analyzing ends and means. These questions summarize the ideas expressed here. Some of them overlap, but I believe all are necessary – and perhaps more as well.

To Recognize a Legitimate End

1. Is the end possible? Does it recognize man's limited ability to predict any but the most immediate consequences of acts?

2. Does the end recognize each individual as a being able to think, feel, and act for himself? Does it recognize the individual's fallibility when it comes to planning for others than himself?

3. Does the end recognize that one individual should not be the means while another is the end?

4. Does the end recognize every individual, in justice, only as a human being and not as a member of a particular race, class, party, or other group?

5. Does the end require the use of force as a means? If so, is the end defensive in nature, i.e., absolutely necessary to preserve the highest values (life, freedom)?

6. Does the end contribute to the enlargement or the diminution of individual rights to life, liberty, and property?

To Recognize a Legitimate Means

1. Does the means recognize each individual as a being able to think, feel, and act for himself? Does it recognize the individual's fallibility when it comes to planning for others than himself?

2. Does the means recognize that one individual should not be the means while another is the end?

3. Can the means itself qualify as an end (though not necessarily the most *desired* end, just as labor is a worthy, though perhaps not the most desired end)? If not, is there any *better* means which may

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be used? If not, *must* that particular end be attained?

4. Does the means involve the use of force or fraud? If it involves the use of force, is that force used only by government, only in the degree necessary, and only to protect individual rights to life, liberty, and property?

5. Would those using the means welcome such means being used on themselves in similar circumstances?

6. Would the result be good, bad, or indifferent if *everyone* used the same means or if the means were applied to everyone?

7. Does the means, including speech and the printed word, emphasize the positive? (It is important to remember the power of the word. The question occurs: If *all* speech and written matter were positive in approach, would actions not follow suit?)

If the end is revealed in the means, then surely our character is revealed in our selection of both ends and means. If we believe in liberty and justice for all men, we will use only means reflecting liberty and justice. And these concepts – of liberty and of justice – cannot be achieved separately, because they are one. Their essential unity has been expressed by Abraham Lincoln: "My faith in the proposition that *each man should do* precisely *as he pleases with all which is exclusively his own* lies at the foundation of the sense of justice there is in me"[18] (emphasis is mine). So-called social justice is achieved by doing as one (the planner or the recipient) pleases with what belongs to another. The doctrine of social justice, therefore, agrees with that of communism in kind if not in degree: both, one knowingly and openly and the other unwittingly and tacitly, accept the principle that the end justifies the means. Though this is an unpleasant conclusion, it cannot be logically avoided.

The libertarian argument is not that we should prefer the welfare state to socialism and socialism to communism, but that we should prefer limited government to unlimited government, a free market to government intervention, private to collective property, and individual rights to collective privilege.

[18] Philip Van Doren Stern (ed.), *The Life and Writings of Abraham Lincoln* (New York: Random House, Inc., 1940), p. 162.

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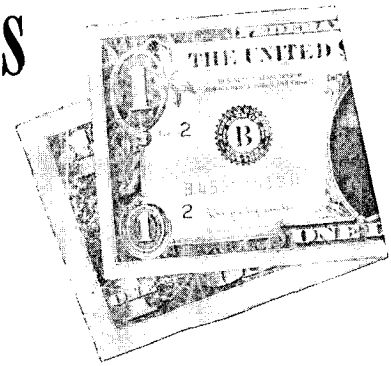
RISING TAXES WEAKEN THE DOLLAR



HANS F. SENNHOLZ

POLITICAL SCIENTISTS tell us that the Federal government may incur a deficit of 10 to 12 billion dollars in fiscal year 1971. If the proposed welfare reform measure known as the Family Assistance Plan is enacted, and if the current business recession persists or deepens, even greater Federal deficits may be expected in the years ahead.

When government spending outpaces revenues by such magnitudes we must brace ourselves for higher taxes, new debt, and more inflation. For the Federal government has only three sources of revenue that provide the funds for its spending.

It may borrow the necessary funds in the loan market. In competition with business it may compete for the savings that accrue in the economy. Indeed, government can outbid business for new funds, and thus deprive business of capital needed for operation, expansion, and modernization. Interest rates will then soar and business decline. An economic depression would be the inevitable consequence of such deficit financing.

Inflation, i.e. the creation of new money, is a much more convenient method of government financing. The new debt is simply monetized, that is, either purchased directly by the central bank – the Federal Reserve System – or purchased by commercial banks which in turn are supplied with the necessary reserves by the Federal Reserve System. The Federal government thus uses newly created purchasing power.

But such spending tends to raise goods prices and thereby deprives all money holders of some pur-

Dr. Sennholz heads the Department of Economics at Grove City College and is a noted writer and lecturer for freedom.

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chasing power. In fact, inflation is a Federal tax on all dollar holders. It also alters all existing debt relations as it enriches all debtors at the expense of creditors. Inflation thus shifts huge amounts of real wealth from the pockets of savers and investors to those of debtors among which the U.S. Government is the biggest. It is a cruel tax as it gradually destroys the financial substance of many people, especially the old and weak. And it is a highly inefficient tax as its unearned revenues accrue not only to the Federal government that is levying it, but also to all other debtors who now discharge their obligations with cheaper money and less purchasing power.

But inflation as a source of revenue is rather popular with many politicians and bureaucrats as some of its painful effects become visible only much later. And finally, inflation is not so easily understood by its victims. The government that inflates may blame businessmen and other minorities for the inflation evils. In fact, it may even broaden its powers over the people through price, wage, and rent controls in order "to fight the inflation."

Thus, in view of the staggering Federal deficits that are on the fiscal horizon we must brace ourselves for rampant inflation.

A less popular source of new revenue is higher taxation. New taxes may be invented or the rates of old taxes may be raised. We must expect both in times of huge Federal deficits. It is true, Federal tax revenues are expected to drop $2.3 billion in fiscal 1970. And further tax cuts have been written into Federal law for the years ahead, mainly benefiting people in lower income tax brackets. This is why one may expect the new taxes to be directed at American business and businessmen in higher tax brackets.

But few taxpayers are likely to enjoy lower tax burdens. State and local taxes are shooting up rapidly despite a taxpayers' revolt that has blocked many tax boosts across the country. In 1970, states and localities are expected to collect $89.5 billion, some 10 per cent more than in 1969. Altogether, taxpayers are estimated to turn in about $282 billion in 1970, which is $5.9 billion more than in 1969. In the years ahead when the Federal demand for funds will soar, sharp annual boosts in combined tax burdens may be expected.

Rising Taxes Raise Prices

Most students of fiscal matters are aware that Federal government deficits are inflationary whenever they entail currency and

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credit expansion. But they frequently overlook the fact that rising taxes, too, may cause prices to rise.

Taxes are an integral factor of cost in economic production, like labor, capital, land, electric power, materials, and other resources. Whenever production costs rise, goods prices tend to follow. But rising costs are not simply added to prices, as is commonly assumed. The economic "law of cost" teaches that production costs exert their influence on prices only through the interaction of supply. That is, rising costs tend to reduce business income and thus deprive marginal enterprises of the needed revenue to carry on production. Output is curtailed and supply declines, which then causes goods prices to rise.

Taxing Peter to pay Paul has become a respectable way of life with countless pressure groups and their spokesmen in Congress. Taxation is one of the most potent instruments of political and economic radicalism. It is the political tool that can change the political and economic system, redistribute the fruits of all our labors, and inflict oppression on some or all people. In the often quoted words of Justice Marshall, "The power to tax is the power to destroy." And, in the words of Edmund Burke: "Taxing is an easy business. Any projector can contrive new impositions; any bungler can add to the old; but is it altogether wise to have no other bounds to your imaginations than the patience of those who are to bear them?"

Government's concern for the poor is laudable indeed. But the tax programs that are so popular today would only aggravate the plight of the poor. After all, taxes like the corporate income tax and many other business taxes imposed on the rich are taxes on economic production. Such taxes consume the very capital that creates jobs through investments, improves production and working conditions, and thereby raises wage rates. To advocate higher taxes on the rich, most of whom are highly productive businessmen and investors, is to expropriate the very means of capital investment that afford jobs and better living conditions for the poor. It is in the vital interest of the poor that there be wealthy promoters and investors who do not consume all their income, but build factories and stores, shops and other business establishments — all of which provide jobs and income.

How Taxes Affect Our Lives

The impact of taxation on every aspect of economic life is fre-

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quently underrated. Taxes on production, like wages and interest, are boosting goods prices in accordance with the "law of cost." But also those taxes that are leveled primarily at consumption, such as the income taxes paid by workers, make their way into prices. The $2,000 income tax withheld from the steelworker's annual pay is a real cost to the steel mill like the wages paid directly to the worker. As such the very amount of tax withheld is reflected in steel prices. A boost in his income tax reduces the worker's take-home pay, but does not reduce the steel production costs, and therefore does not lower steel prices. A boost of those labor taxes that directly raise production costs such as payroll taxes, employment taxes, and social security taxes, does affect profit margins and consequently output, supply, and ultimately also prices.

The price of an automobile thus embodies all its costs of material, of capital and labor including all income taxes withheld from the paychecks of everyone participating in its production, from the chairman of the board to the night janitor, in addition to all business taxes levied directly upon its production. A steelworker who finally purchases the automobile must cover all these costs in the purchase price, including ironically his own income taxes that were withheld from his paycheck when he produced the steel for the car. In short, his income taxes reduce his take-home pay, and with this take-home pay thus reduced he can buy the product at a price that contains his total labor costs including his own income taxes. He pays income taxes and then pays for them in the price of the product.

Even the taxes levied on the owners of the steel mill or automobile plant may affect the prices of their final products. New taxes on capital income not only prevent formation of new capital through saving and investing, but also may induce the owners to withdraw their liquid capital from production. An investment made submarginal by corporate and capital income taxes tends to be liquidated whenever possible. The withdrawal of capital from production, or merely the lack of new capital for expansion and modernization, causes economic stagnation or even decline. In fact, a heavy tax newly levied on capital income must generate a serious depression with heavy unemployment. Withdrawal and consumption of capital then raise the marginal productivity of capital, i.e., the productivity of capital relative to labor, which in turn tends to raise interest rates. Thus again,

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the taxes newly imposed work their way into prices either through higher prices or lower wages.

Taxes and Prices Rise — the Remedy is Higher Taxes

The total impact of taxation on our daily lives is probably beyond anyone's comprehension. Government statistics readily confess to a share of 35 per cent of total production as the money costs of government in the U.S. The effects of such a burden on prices are obviously incalculable. But next to labor costs they are undoubtedly the most significant factor of cost and price in economic production today.

And yet, politicians and their academic propagandists like to prescribe yet higher taxes as a remedy for rising prices. They are warning us again and again that taxes will have to be raised if the inflationary pressures do not soon subside. When the issue of new paper money by our monetary authorities lifts prices or when new taxes stifle production and then raise prices, the Federal government proposes to levy new taxes on the people.

Thus, rising prices caused by government are the occasion for yet higher taxes by government. And in particular, rising taxes that cause prices to rise are to be alleviated by even higher taxes. It is difficult to imagine where this spiral of taxation must ultimately end.

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IDEAS ON LIBERTY

Tax Complications

THE FACT that it has become so difficult to accumulate even a comparatively small fortune must have the most profound effect on the organization of business; and it is by no means clear to me that these results are in the social interest. Must not the inevitable consequence of all this be that it will become more and more difficult for innovation to develop save within the ambit of established corporate enterprise, and that more and more of what accumulation takes place will take place within the large concerns which – largely as a result of individual enterprise in the past – managed to get started before the ice age descended?

LIONEL ROBBINS, "Notes on Public Finance," *Lloyds Bank Review*, October, 1955

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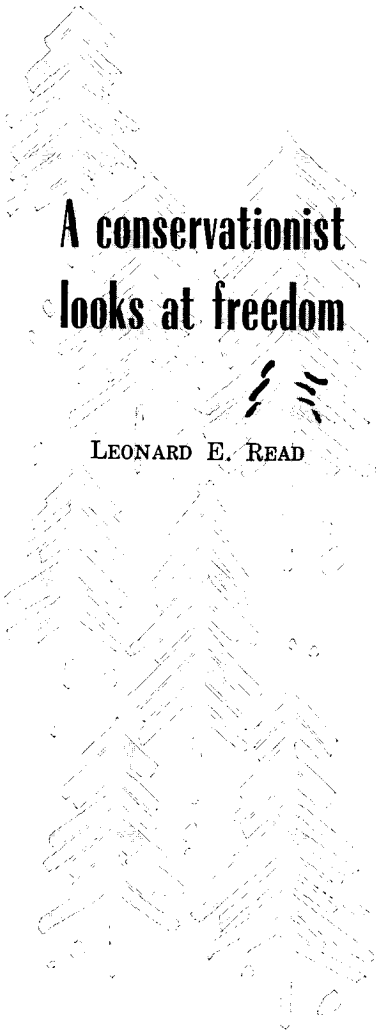

A conservationist looks at freedom

LEONARD E. READ

THE TERM "conservationist" is generally applied to those who concern themselves about our ecological situation and look to government to do the conserving. We who do not look upon government as the Great Conservator are generally regarded as not interested in conservation.

Despite this confusion of terms I, too, am a conservationist!

Advanced students of the freedom philosophy readily recognize that mail delivery should be taken out of governmental operation and turned over to the free market, that is, to men in voluntary, private, competitive, cooperative action. And they will make the same case for nonintervention in housing, welfare, and a host of other creative activities — even education and religion.

But there is one troubled situation which few approach with faith in freedom: conservation of natural resources and wild life. Leave the blessings of nature to free men? Perish the thought! Why, men left to their own devices are so profit hungry — avaricious — that in no time at all the forests would be denuded, natural recreational areas and wild life but a memory of bygone days! Most people abandon freedom as a means of conservation, which is to say, they turn the problem over

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to society's coercive arm: government.

Searching the Unknown

The case for freedom as related to conservation is difficult because it requires exploratory thinking about experiences that have gone pretty much unnoticed. We must assess the unheard, the unseen, the unknown. No wonder we stand confounded as would have Adam Smith or Frederic Bastiat had they been asked if freedom could be trusted to deliver the human voice at the speed of light! Unthinkable! Extracting meaning from the unthinkable is no easy matter.

But I am convinced that conservation can be far more safely entrusted to men in freedom than to the *verboten* techniques — figuratively, "keep off the grass" — which seem to feature and set the limits to governmental achievement.[1]

The reasons for my deep-seated conviction derive in part from glimpses of free market achievements and of governmental failures, but even more from my faith in the miraculous results that can be obtained by men when free to try and an utter lack of faith in the possibility of any creative accomplishment by coercive devices. Conservation is clearly in the creative realm!

Conservation vs. Preservation

But first, what *really* is conservation and how is it distinguished from preservation? "Melville Bell Grosvenor has artfully defined the difference between preservation and conservation. Preservation is retention undisturbed and in a natural condition, much as a museum. *Conservation is the wise use of our environmental resources for the best interests of man.* Of necessity, it involves a sense of stewardship and responsibility in the use of those resources. We undoubtedly need some preservation. But it cannot be the answer to the control of man's environment, for *we are an ecological part of that environment, and to preserve it makes us a museum-piece as well."*[2] (Italics added.)

Had mankind been around throughout the ages and succeeded in preservation — "retention undisturbed" — dinosaurs would still

[1] This is not to preclude a reliance on the courts and other governmental procedures to stop the upstream polluter or nearby smoking chimney or slaughter house that clearly damages or threatens the property or lives of others. See "The Pollution Problem" in my *Let Freedom Reign* (Irvington-on-Hudson, N. Y.: Foundation for Economic Education, Inc., 1969), pp. 1-8.

[2] Extracted from "Young Forests Aid Global Oxygen Supply" by Dr. John Rediske. See *Weyerhaeuser World*, April, 1970. Melville Bell Grosvenor is Editor-in-Chief and Board Chairman of *National Geographic Magazine*.

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be with us. As it is, we have only reconstructed skeletons of these reptiles in museums. These admittedly have their value: they permit us to gain some knowledge of the Mesozoic Era. Assuredly, however, the existence today of prehistoric animals would not be considered as "the wise use of our environmental resources for the best interests of man," which is to say that their *preservation* would not qualify as *conservation.*

Back to the Cave

Can we not make a similar observation about all natural resources? Trees, for instance? No question about it, the Giant Sequoias are a feast to the eye. And who among us does not yearn for their preservation? But had the preservation of trees – "retention undisturbed" – been the rule, would that have been "the wise use of our environmental resources for the best interests of man"? Hardly! We'd still live in nothing better than adobe huts!

Apparently the preservationists would have all of us in our present state of affluence being able to tour the forests in their pristine glory. What they fail to realize is that a strict preservationist policy applied to all natural resources would reduce "all of us" to the population of a foraging economy. How many would that be? The number of Indians who lived in this land – less than one-half of one per cent of today's population! A conservation policy, on the other hand, counsels the use of trees for homes; indeed, timber now has not less than 5,000 uses. "Retention undisturbed" would hold our numbers at a few hundred thousand and condemn us to huts and tepees.

Freedom Is the Effective Method of Conservation

Let me sketch here a few glimpses and thoughts which have turned my mind toward freedom as the effective means to conservation.

Bearing in mind that man, too, is part of the ecology, observe how governmental preservation schemes work on human beings, American Indians on the reservation being a case in point. Preserved they are indeed – and as museum pieces.[3] Now note that the Indians who have escaped this preservation and have entered into society and competition are among our finest citizens – conservation in its best sense.[4] Arbitrary and artificial preservations scarcely

[3] See "Wards of the Government" by Dean Russell, and "The Guaranteed Life" by Maxwell Anderson. (Single copies on request)

[4] For a clear analysis of human resources as related to conservation, see "The Greatest Waste" by Paul L. Poirot. THE FREEMAN, March, 1964.

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suffice for the survival of a species – human or other.

Doubtless the world's outstanding example of animal preservation is to be found in India – perhaps more than 200,000,000 sacred cows. Are they put to a wise use in the interests of man? These animals largely destroy rather than conserve scarce natural resources.

In contrast, note the program of animal conservation in the United States. Aberdeen Angus, Hereford, and other breeds of cattle – 109,000,000 head – have largely displaced the bison that roamed the western plains. Under these circumstances, one might expect the bison to go the way of the dinosaurs, but conservationists have come to the rescue. Whether for novelty or profit or fun or whatever, there are now thousands of bison under private ownership – far from extinct.

Russian Forestry

Those who look to government as the Great Conservator should reflect on its "achievements," for example, in forestry. Russia is the ultimate in this respect, for there is no private ownership of land. The whole Soviet area – 8.6 million square miles – is owned "lock, stock and barrel" by government. And what do we find? The Commissar charged by the Kremlin planners with achieving lumber and pulp quotas, and with a minimum labor force assigned to him to do the job, finds it necessary to harvest lumber along the river banks and highways. Talk about denuding the landscape! This is precisely the opposite of what most preservationists have in mind.

Or reflect on the U.S.A. – 3.6 million square miles – 39 per cent of which is governmentally owned and controlled, and the percentage increases. As the shadow of government has lengthened, the plea for more government ownership and control – "keep off the grass" – has also increased. Back in 1920 the voices of preservationists were barely audible. Today, their loud speakers reach us everywhere. The more control we relinquish to government, the more control is demanded of it. Why? Simply because the right way – freedom – is thereby displaced and thus obscured. The merits of freedom grow ever less imaginable to those who are abandoning it in theory and in practice.

Private Timberland Practices

Most people, because they won't even take a look, are blind to what private ownership and control is accomplishing in this field.

Private timberland owners – at least 5,000 of them – are on a *sustained yield* basis, that is, they are planting and growing more

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than is being harvested. The first tree farm was established in 1941. At that time 20 per cent more trees were being harvested than grown. Today, 61 per cent more wood is being grown than is harvested and lost to fire, insects, and disease.

But more: most major forest corporations and many small operators are engaged in *intensive high yield forestry*. This includes intensive soils site classification, researching for genetically superior seed, optimum spacing, fertilization, thinning, and timber utilization – not a wasted chip! And investments are being made today with an eye on yields a century hence. Could anything like this be expected in Russia, or of any governmental operation, here or elsewhere? Not remotely! Governments can and often do enforce preservation, but only men in freedom can achieve conservation.

Recreational Areas?

But what about parks and playgrounds and other recreational areas? Leave these to free men? Are you crazy![5]

Again, my mind is turned toward freedom, not by searching through infinite details but, rather, by what is glimpsed in passing. I note, for instance, that 63,000,000 acres of privately owned forests are open to the public for recreation, including hunting and fishing.

Among the lands most valuable per acre on earth are two government properties: London's Hyde Park and New York City's Central Park. I have driven through the latter and past the former many times and on each occasion I have tried to relate public use to public expense. I have viewed the beautiful trees, the lawns, and clear ponds of each place – empty spaces, often with no human beings in evidence. True, the passing motorist has an aesthetic appreciation of Hyde Park as does the tourist who looks down on Central Park from the Empire State Building. But is it properly a function of government to thus limit these valuable properties?

Yellowstone National Park – larger than Rhode Island and Delaware combined – last year had slightly over 2,000,000 visitors.

In contrast, consider three private operations in California – conservation in manifestation. If we would but look, every state affords somewhat similar examples.

There's Disneyland – about 160 acres – now accommodating some 10,000,000 individuals annually, a recreational delight.

Knott's Berry Farm, of no more

[5] See "Exploring the National Parks" by John C. Sparks. THE FREEMAN, December, 1964.

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than 150 acres, with its perfect replica of Independence Hall, has 4,500,000 visitors each year.

The 22 acres bordering San Francisco Bay — Fisherman's Wharf, The Cannery, and Ghirardelli's Square — give pleasure to 3,700,000 people annually.

These private operations, occupying but a tiny fraction of one per cent as much space as Yellowstone National Park, give enjoyment to 9 times as many people! Acreage-wise and recreation-wise, these would seem to be overwhelming odds in favor of freedom, that is, on the side of conservation as distinguished from preservation. Such facts persuade me that we should not rely on government as the conservator of our resources.

Yes, goes the rebuttal, but I have other preferences; Disney's playground, Knott's Americana theme, and the gastronomy and views at Fisherman's Wharf hold no lure for me; I relish the great open spaces or the mountains or the seashore or the forests in their natural state. And all I say to this is, "Fine and dandy. But why not encourage the proper means to these ends: freedom!"

Myths that Blind

There are countless myths and fallacies which blind people to the miracles that can be wrought only in the practice of freedom.

I suppose the ranking myth has to do with profit. It is generally assumed that profit seekers, in aiming for their own gain, will not serve others aesthetically or culturally or spiritually. The fact is that he who peacefully seeks his own gain can succeed only as he serves others. This is lesson number one in economics, and applies as rigidly to the clergyman or teacher as it does to the baker of bread or the builder of Disneyland.

We must keep in mind that there are two kinds of profit: monetary and psychic, the latter, in many instances, more strongly motivating human action than the former.[6]

There are several reasons why we fail to see how these two forms of profit work their wonders. Foremost is governmental preemption. When government takes over parks and recreational areas, profit-seeking men simply turn elsewhere. Incentive is at zero. It's precisely the same as when government assumes the responsibility for the welfare of your neighbor — you feel no responsibility for helping him in time of need.

Also, we are inclined to look upon present-day profit seekers as representative of free and self-

[6] See "What Shall It Profit a Man?" in my *Deeper Than You Think* (Irvington-on-Hudson, N. Y.: Foundation for Economic Education, Inc., 1967), pp. 108-117.

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responsible men. For, so it is imagined, we are a free people! Far from it! We are living in a highly rigged and interventionist society. Instead of the rectitude expected of those whose profit depends on efficient service to willing customers, we find men grasping for special political privilege. Interventionism lowers the moral standard.[7]

Rely on the Profit Motive

Abandon the myth of government as the Great Conservator; confine this power structure to insuring against fraud, violence, predation, misrepresentation, and other destructive actions, and watch the profit seekers go to work in the interest of everyone![8] If we may judge by performance where profit seekers have been allowed open opportunities, their accomplishments will far exceed anything we can imagine.

Seekers of monetary profit will supply whatever the demand warrants and do so with the least possible waste of either natural or human resources. Who can justifiably ask for more than this? If an individual insists upon a vast park for his own enjoyment, let him provide it at his own expense.

But here is where the psychic profit seekers will come to the rescue, and extravagantly! They'll build parks, playgrounds, bird and other sanctuaries, and recreational areas of every conceivable kind and all over the place, just as today they give billions to educational and religious institutions, art galleries, museums, monuments, civic centers, libraries, and what have you. There are thousands of individuals who would gladly turn their fortunes to something of this nature. That's psychic profit! And no more is required to put this remarkable profit process into action than to stop governmental pre-emption. It's that simple, and far more promising than anyone can possibly portray.

Conservation is the wise use of our environmental resources for the best interests of man. Who is to determine "wise use" and "best interests"? Free men, that is, men in voluntary action with no restraints against the release of their creative energies. These are the only true conservationists!

[7] For a further explanation of this point, see "Why Freedom Is Not Trusted," *Notes from FEE*, March, 1970.

[8] The price system is among the greatest and most powerful conservators. As a resource – renewable or irreplaceable—becomes scarce, its price rises, cutting down less important uses and encouraging more discoveries and equally good or even better substitutes.

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"For the Best Interests of Man"

A. NEIL MCLEOD

IN THIS LAND of abundance, people generally have lost sight of the fact of scarcity. They have been bemused so long by tales of conspicuous consumption, overproduction caused by the misallocation of resources (never due to intervention, always due to malfunctioning markets), they have been assured that the problem is one of distribution – that they are in fact unable to accept the fact of physical scarcity let alone economic scarcity (it's really the only kind). Oil existed in abundance before our forefathers discovered it. As soon as it was discovered it became scarce. Who can comprehend that kind of perversity? Scarcity, they have been taught, is caused by malevolence because "science" knows enough to permit every man to live like a king!

The "scarcity" that concerns the typical conservationist is usually that scarcity having to do with a resource that men did not have the wisdom and foresight to bring under the rules and strictures of private property. Often these resources are psychic and aesthetic in nature and pose extremely difficult problems to bring them into an exchange mechanism.

You and I have, in our lifetime, seen air and water pass from a category of free goods to economic goods – in other words we have seen the metamorphosis of scarcity. It has happened rather suddenly and our institutions are not in shape to cope with air and water as we did with land. Although the institutional framework is not the barrier in the case of the oceans, the system that has worked so admirably for land isn't being given a thought for its applicability to oceans.

The much used phrase, "in the best interests of man," is the crux.

Dr. McLeod is Economist and Director of Business Affairs, Institute of Paper Chemistry, Appleton, Wisconsin.

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Nothing can filter the infinite needs of man better than the market; the market demands exchange, and free exchange demands private property. For this reason there can never be a widespread conservationist movement. To conserve – what? – somebody has to decide whether to mine coal and use pit props, or to preserve the forest and let the coal lie unused. The myopia of the conservationist never permits him to grasp the principle of substitution.

Conservation has too many ingredients that are incompatible to each other and that are complexly interrelated for it ever to be attractive as a broad regulatory field. Regulatory attempts are primitive in that the objects of their violence must be discrete and discernible, i.e. airlines, railroads, farmers, post offices. The little zealous preservationist interventions are annoying, cause some misallocation of resources, but are no great threat because the job is simply overwhelming. For example, during World War II the W.P.B. chronicled the fact that there were at least 700,000 separate uses for paper. Since then per capita consumption of paper has risen from 306 pounds in 1941 to 565 pounds in 1969. Who would like to guess how many more than 700,000 ways we are using paper today?

There is a great similarity between some aspects of pollution and violence. We have polluted our environment because our accounting has been in error. We have overlooked certain costs. We have assumed a costless situation that now suddenly tenders its bills, bills we acknowledge. We have made these mistakes, indulged in these abuses, because we thought they were costless. Recovery from pollution will be slow until we get the bills in shape and enter them into the proper accounts.

So it is with violence. People are under the mistaken idea that their particular conservation (violence) is costless. In large part they have seen that the conservation in Viet Nam (a very particular kind of conservation – aren't they all?) is indeed not costless, and they are recoiling from this special violence. So violence will be used (and abused) until its costs come to light. Then, as with pollution, recovery from the abuse will be slow and painful. Freedom is unthinkable for those who only think coercion.

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DISSENT

MERRYLE STANLEY RUKEYSER

IN A FREE SOCIETY we should never forget that dissent, no matter how irritating, is a symbol of liberty. In a police state a negation of official policy, if it is expressed, necessarily goes underground.

While freedom includes the right to be wrongheaded, a prudent person does not intentionally utilize this privilege. Where there is a free and uninhibited marketplace for the interplay of ideas, intellectually mature persons undertake as part of self-education to audit affirmative concepts as well as criticisms.

There is a default when older citizens indiscriminately lump a whole generation into a stereotype and conclude that "the young people are very bright." Such superficial characterizations not only blur the vast differences of opinions on campuses, but also denigrate the need of Marquis of Queensberry rules in the squared ring of dissent. To criticize only the criminal fringe who burn buildings and records and who kidnap deans, while tolerating all other activities of youth, is not a sufficient exercise of parental responsibility. Unless there is understanding in depth, such permissiveness may have the effect, however unintended, of freezing anachronisms and errors.

Fred M. Hechinger, education editor of *The New York Times*, recently illuminated the point:

> Students are capable judges of many flaws in their education and the collegiate environment. But their knowledge about the relationship between the universities and national policies or between intellectual preparation and the eventual reform of society and the world is shallow and

Mr. Rukeyser is well known as a business consultant, lecturer, and columnist.

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immature. Their interpretation of the power and the politics that motivate . . . rival forces is as unrealistic as their judgment of the actual . . . aspirations of many of the people whom they would like to help. . . .

It is highly doubtful that the universities could force political policy decisions on the American people, no matter how hard they might try. It would be tragic if, in their inability to know what they cannot and should not do, the universities were to undermine their capacity to accomplish what they can and ought to do in the service of scholarship and society.

Even before reaching manhood, a child knows when he doesn't like farina. Likewise, a student is aware of whether a curriculum fulfills his expectations and needs. Youth is a time for idealism and it is healthy to indulge a dream of human betterment. It is no condemnation of a whole age group to recognize that a freshman has not pursued his studies as far as might be expected of a Ph.D. candidate. In more primitive times, this condition of youthful jumping to conclusions during the uncompleted learning process was called being "half-baked."

Charges of Injustice

In the circumstances, it is not enough to turn thumbs down on nihilistic burners. It is also important to pinpoint the illusions and fallacies which confuse quieter and well-meaning dissident groups. To be specific, a major fallacious dogma turns around the emotional feeling that the American system is cursed with injustices. A recent Louis Harris poll, for instance, found that a high percentage of students believe "the real trouble with U.S. society is that it lacks a sense of values – it is conformist and materialistic," and that "our troubles stem from making competition the basis of our way of life." These findings represent the attempt of dissident students to pinpoint the injustices in a system that keeps tabs on individual differences.

The kindest and least patronizing attitude is fairly to analyze the basis of discontent on the part of sincere dissenters. Those who are devoted to liberty, however, should not be tongue-tied. Aristotle remarked that, if you know it, you can say it. Don't fall into a booby trap of ominous silence based on fear of a lack of communications and a generation gap. The chasm of age differences can be narrowed when older persons treat youth respectfully, despite differences of opinion. It is too frequently overlooked these days that those in adversary stances look for some guidance from opponents as to how far they can go. Capable union leaders prefer to bargain with knowledgeable man-

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agement personalities and look to business executives to signal the outer limits of demands which can be lived with.

Thus, it is less than patriotic to shrink from entering the lists of intellectual conflict and from pointing out that progress lies in stressing the harmony of interests of the groups – the very antithesis of internal class warfare. The idealism behind dissent, even if misdirected, should be reclaimed as a potential national asset. Louis Untermeyer, the poet, articulated the American theme for progress when he wrote: "From sleek contentment, keep me free." Even where there is a demonstrable error made in the heads of protestants, there is frequently good in their hearts. Since dissent turns on injustices, real and imagined, it would enrich our natural resources in human understanding to think through the attitudes which lead to social dissatisfactions. There should be unanimity in wanting to eliminate or reduce man-made injustices. Accordingly, the ideas and emotions behind such dissent should be objectively appraised. The beginning of a resolution of the unrest is to separate the wheat of good ideas from the chaff of illusions.

In the first place, it's important to recognize that no economic and social system either in operation or in contemplation is perfect. Man's foibles and inner conflicts condition the real world.

Equality May Not Be Just

Secondly – and far more important – is the error of equating "injustice" with "inequality." It is a fact of life that individuals vary greatly in talents, aptitudes, diligence, intelligence, and manual skills. The American system, based on the operation of a free market, rests on recognition of differences. Put in more affirmative terms, a competitive or free enterprise national economy is predicated on discerning and rewarding merit.

The antithesis of inequality is egalitarianism as expressed in the Marxian goal that each should contribute according to his ability and each should take according to his need. Marxism has infected many who haven't marched under the socialist banner. For example, in Fascist Italy under Benito Mussolini, the productivity of the worker was ignored, and married men with children were paid more than bachelors for a week's work. And non-Marxist "liberals" talk poignantly about the "rich and the poor."

It seems an easy intellectual and emotional step for young idealists to move from distress of "injustice" (inequality) to the Marxian formula of leveling down so that

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everyone becomes equal, at least in worldly goods. But when the educational process is properly pursued, the dreamers of betterment will eventually confront such challenging realities as the meager subsistence living standards in India where socialist ideas are widely held by those in high places, by the dull mediocrity of life in the Soviet Union, and by a comparative languor and backsliding in Red China while Taiwan (Formosa) has moved dramatically forward in farm output and in technological gains in industry. Close and careful study of the real world clearly reveals that, as a means to utopia, Marxism is a hoax.

It is fallacious to confuse injustice with inequality of talents and aptitudes; more fallacious still is to equate justice with equality of worldly possessions. An individual's favorable adjustment to competitive life affords him wide discretion as to how he shall use the fruits of his labor. Some, in the spirit of Thorstein Veblen's "conspicuous consumption," elect to acquire great mansions, yachts, racing horses, sports cars, and other vehicles of self-indulgence; others choose to be patrons of the arts, to endow learning, and to finance philanthropies. But those who prosper from specialization and trade are under a social obligation to become savers and thus reserve part of their receipts as capital to provide labor-aiding tools of production which increase the output of the worker and enable him to earn more. In these sophisticated times, this function has been in part delegated to corporations which accumulate undistributed profits to acquire more capital facilities.

If all individuals were unhappily at the subsistence level and corporations were perpetually at the break-even point, the socially important reservoirs of savings would dry up and the people would become poorer to a spectacular degree.

Rising Expectations

While these principles were equally true in an earlier period, the issue has come forth with new and added urgency. This is because mass media, especially movies, television, radio, and the rapidly distributed printed word, have heightened popular awareness of how "the other half" lives. To thus encourage envy and let it run riot is far from a method of building a great society.

Frankly, I am not unhappy that J. Paul Getty has more worldly goods than I, or that Nelson A. Rockefeller's estates at Tarrytown and in Venezuela outclass my modest backyard in New Rochelle.

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Neither do I suffer when I contemplate that William Shakespeare wrote sonnets and plays of a quality that I can never achieve. I don't feel badly because Jascha Heifetz on the violin made me appear to be tone deaf. Likewise, I develop no inferiority when I read of the accomplishments in golf of players such as Jack Nicklaus and Lee Trevino, while I remain a duffer.

In a free society, each emotionally healthy person should undertake to achieve optimum development of his own abilities. It is irrelevant to self-advancement whether a neighbor possesses some superior qualities and some restrictive infirmities.

Vital Differences

I never quarreled with the Creator for developing man in infinite variety. In an economic sense, I know that differences are essential for a highly sophisticated capitalistic society in which specialized workers give employment to one another by exchanging the products of their day's labor. If we all had precisely the same bent, the opportunity for give and take at the marketplace would be nil.

Differences are closely linked with the system of incentives. While exploiters of persons of low productivity tend to block progress by telling them they are doomed and are caught hopelessly in a vicious cycle from which there is no escape, the American dream has embraced the concept of a classless society. This used to inspire young persons raised in nonaffluent neighborhoods to believe that it was their mission to be graduated from the slums to raise the living standards of their families. This breaking of class lines occurred widely in the annals of the nation, and The Grand Street Boys Association in New York is a monument to the achievements of young ghetto dwellers who became illustrious in the arts, in politics, in the professions, and in industry.

And the movement was not entirely a one-way street. The fact that competitive processes would also in due course reorient wastrel descendants of wealthy family heads was embodied in the expression, "from riches to shirt sleeves in three generations."

Undoubtedly, a small elite of dedicated individuals would continue to pursue creative urges even without material rewards; but experience demonstrates that incentives in general add to productivity. In my numerous debates on university campuses, on TV and radio with the late Norman Thomas, six times socialist candidate for President, I used to turn against the Marxians their hack-

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neyed plea that human nature can be changed. I would point out that, if a management consultant were called in, he would laugh at heterodox management personalities who argued that, if the quality of materials and the nature of man were different, they could achieve great things. In the practical world, the executive's function is to put into harmonious contact machines, raw materials, and manpower, and not to alibi his failure by complaining about the physical and chemical attributes of commodities and the nature of man. Just as experience shows that bituminous coal burns and generates heat, visible facts show that most men improve their performance when motivated by incentives rather than by the whiplash of a Simon Legree.

No real gains can be built on the foundation of illusions. By way of illustration, it's fashionable to cast aspersions on the Establishment, which is a fantasy. The so-called power structure is forever changing with new ones coming into the fold and others leaving. Competition is forever testing the right of a business enterprise to survive and the only Rx for a long life expectancy is pleasing customers. Even the mighty Ford Company suffered from overstaying with its Model T and later with the ill-fated Edsel! Even the promises men live by are subject to change in these dynamic times when the creative mind in science, invention, and engineering is perpetually introducing changes.

The Importance of Incentives

What, if anything, constructive for the future can come out of current widespread dissatisfaction?

It will be helpful to separate the goodness which cries out for better living from error in laying down premises. But the process of promoting harmony cannot be achieved in a melting pot in which are mixed in equal proportions the ingredients of truth and fallacy.

The social utility of incentives should be re-examined in depth, especially since Marxian illusions have somehow penetrated the thinking of even avowed nonsocialists. First, the labor unions with few exceptions lean toward equalitarianism by demanding uniform pay for hourly workers irrespective of differences in individual productivity. On the other hand, experience has shown that piecework and other forms of incentive pay tend to enlarge the contribution of the worker. The leveling process even runs into the professions. In teacher organizations, including not only the unions but also the professional associations, the proposal of "merit pay" constitutes a red flag. Such violent

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objection is rationalized on the ground that it is difficult to measure the productivity of a teacher. In business, however, supervisors somehow manage to rate the professional staff, white collar employees, executives, and others according to productivity.

A second subtle assault on incentives is made by social legislation, which subsidizes idleness and forgets that old-age social security tends to weaken motivation for saving and investment.

"Capitalism the Creator"

One cure for the spreading of these misconceptions on campuses would be periodic re-examination of the fitness of the faculties. As an antidote to Marxian and Keynesian fallacies, Carl Snyder's book, *Capitalism the Creator*, should be used. Written thirty years ago by the one-time economist of the New York Federal Reserve Bank and former editorial writer of *The New York Tribune*, the volume would also help to inspirit today's distraught parents. Snyder gives first aid for curing the malignant habit of elders who become frightened by talk of "affluence" and become immobilized by their own unwarranted feelings of guilt. Much harm is done by conceding to the uninformed that there is something in what they say.

Snyder vigorously defends inequality, and in positive language ascribes progress to the elite of inventive persons and to capitalism. College deans and dons take notice! Snyder's thesis is that "there is one way, and only one way, that any people, in all history, have ever risen from barbarism and poverty to affluence and culture; and that is by that concentrated and highly organized system of production and exchange which we call capitalistic: one way and one way alone. Further, it is solely by the accumulation (and concentration) of this capital, and directly proportional to the *amount* of this accumulation, that the modern industrial nations have arisen; perhaps the sole way throughout the whole of eight or ten thousand years of economic history.

"No principally agricultural or pastoral nation we know of has ever grown rich, powerful, and civilized. These are the fruits of wealth and enterprise; and these, in turn, of organized industry and trade. . . . All this represents the aggressive drive of the deepest and strongest of human motivations; the will to live, to gain, to discover, to conquer; and that whenever these begin to wane and weaken, and a nation is given over to visionaries, doctrinaires, and novices in 'social' experimentation, its decadence has begun."

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Thus, the late Carl Snyder prophetically warned against the contemporary era of intellectual Hippies. Since World War II, Snyder's appraisal of the role of capitalism has been further documented by the miraculous forward movement in the free world of West Germany, and in Southeast Asia in the new prosperity of free enterprise Japan, Hong Kong, Singapore, and Taiwan, despite their meager natural resources.

In connection with the proclivity of superficial conclusion-jumpers on the campuses and elsewhere to fly in the face of the demonstrated realities of past history and contemporary affairs, it may not be entirely coincidental that the acceptance of economic fallacies is facilitated by smoking pot.

Obviously, "man cannot live on bread alone," but my personal observation of poverty on the streets of Bombay, Delhi, Lima, Bogota, Montevideo, Lusaka, and elsewhere in underdeveloped countries underscores the fatuity of decrying the availability of bread as a display of vulgar affluence.

In conclusion, although it may not be chic to applaud the social utility of the creative mind working in science, invention, and engineering, its humane contribution toward better living is demonstrably and infinitely greater than can be accomplished through the exploitation of envy.

IDEAS ON LIBERTY

The Social Character of Capitalism

THERE is but one means available to improve the material conditions of mankind: to accelerate the growth of capital accumulated as against the growth in population. The greater the amount of capital invested per head of the worker, the more and the better goods can be produced and consumed. This is what capitalism, the much abused profit system, has brought about and brings about daily anew. Yet, most present-day governments and political parties are eager to destroy this system.

LUDWIG VON MISES, *The Anti-Capitalistic Mentality*

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CLARENCE B. CARSON

Throttling the Railroads

The Grip of Privileged Competitors

AS LATE as World War I, the railroads were king of American transport. Virtually all of the intercity freight within the United States moved by rails. For practical purposes, there were no competitors for passenger transport, if steam and electric lines were both properly considered as rail transportation. So great was the preponderance of the railroads that governments had come to treat them as the only effective means for moving either people or goods to most places within the country. In the parlance of politicians and reformers, they had a monopoly of transport. Judging by the Transportation Act of 1920, Congress expected this preponderance to last indefinitely into the future.

It was not to be, of course. Looking back from the perspective of a half a century, it is now clear that the railroads had reached and passed the peak of their dominance of transport by the time that law was passed. The total railroad mileage in the United States had already begun to decline. It reached a peak of 254,037 in 1916 and had dropped slightly to 252,845 in 1920. This downward trend has continued over the years. By 1930, it was down to 249,052; by 1940, 233,670; by

Dr. Carson is a frequent contributor to THE FREEMAN and other journals and the author of several books, his latest being *The War on the Poor* (Arlington House, 1969). He is Chairman of the Social Science Department at Okaloosa-Walton College in Florida.

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1950, 223,779; by 1960, 217,552; and by 1968, it had fallen to 209,000.[1]

Loss of Passenger Traffic

Of themselves, the figures for total railroad mileage might signify little. But when combined with the statistics for passenger and freight traffic they help to illustrate the declining condition of the railroads. The most drastic decline has been in passenger traffic. It is estimated that in 1926 the railroads provided 39.5 billions of passenger miles of transport for people. There was an absolute decline in this over the years; the figure was 28.6 billions in 1956.[2] In 1968 there were only slightly over 13 billion passenger miles by rail. Relative to the total passenger miles by every means of intercity transport the rail total declined much more drastically. The rail share of such transport by all common carriers was estimated to be over 83 per cent in 1926. By 1956 it was only a little over 35 per cent. When private transport was taken into the estimate, the rail percentage for 1926 was 22.48. By 1956 it was only 4.09.[3] "In 1968 the slightly over 13 billion passenger-miles of rail travel were only a half of the volume of bus travel, and less than one-seventh of the total air carrier traffic. The rail traffic constituted less than one-tenth of the total commercial intercity traffic, and was under 1.4 per cent of the total private automobile travel."[4] As things have been going, the passenger train will soon join the oxcart in the museum of abandoned transport.

The freight tonnage hauled by the railroads for distance has not generally declined over the years. In 1926 the railroads carried a little over 452 billions of revenue ton-miles of freight. In 1956 – a good year for rail freight – the total was over 655 billions of revenue ton-miles. But the rail share of this intercity traffic has declined greatly over the years. It was estimated to be 76.56 in 1926, and to have fallen to 48.22 in 1956.[5] However, the percentage of revenue coming to the railroads *vis à vis* that to other modes has declined much more than the percentage of freight ton-miles might lead one to suppose. For example,

[1] John F. Stover, *The Life and Decline of the American Railroad* (New York: Oxford University Press, 1970), p. 155.

[2] There was a tremendous increase of passenger traffic during World War II. It declined precipitately after the end of the war, though for several years it was still above the prewar level.

[3] James C. Nelson, *Railroad Transportation and Public Policy* (Washington: Brookings Institution, 1959), p. 18.

[4] Stover, *op. cit.*, p. 193.

[5] Nelson, *op. cit.*, p. 10.

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"the rail share of combined truck-rail freight revenues fell from 67.4 per cent in 1940 to 38.7 per cent in 1955.[6]

More Freight — Less Revenue

What has happened most generally is that the railroads have made their gains for the most part in low-rated bulky commodities and lost much of the high-rated traffic, which accounts for the relatively greater decline in proportion of revenues received than of freight ton-miles transported. Certain kinds of traffic have been taken away from the railroads almost entirely. In 1922 there were 80,000 railroad stock cars; the number had declined to 20,000 in 1966. "Long-haul furniture vans soon made boxcar movement of household furnishings a thing of the past, and the increased use of intercity trucking caused a reduction of less-than-car-load lot freight from 51,000,000 tons in 1919 to 1,000,000 tons in 1966."[7]

It has been commonly supposed that these absolute and relative declines in passenger and freight services by the railroads were an inevitable consequence of the development of other means of transportation. Undoubtedly, automobiles, trucks, buses, barges, pipelines, and airplanes have, each in its own way, advantages over rail transport. Automotive transport on highways has much greater flexibility than that on rails. Water transport is much less expensive. Air is much faster. The public might well welcome and use these alternative means of getting goods and people to distant places.

However, we do not know with certainty today which of these is superior to others in transport in many ways and which the consumer would prefer for what in the open market. This is so because governments have intervened so extensively in transport that the market for transport has been greatly distorted. Almost all of this intervention in the twentieth century has been detrimental to rail transport and much of it has been advantageous to other means of moving goods and people. The restrictive legislation on the railroads has already been surveyed. Here, the task is to examine government aid to other means of transport and the much less extensive and later regulation that generally has been the case there.

What happened to the railroads in relation to other means of transport can be put succinctly. The railroads were regulated, restricted, restrained, and circumscribed: their rates were set, ex-

[6] *Ibid.*, p. 27.

[7] Stover, *op. cit.*, p. 128.

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pansion and contraction limited, investments monitored, competition hindered, and services prescribed. They were bound hand and foot, as it were, most managerial leeway taken from them, vested with responsibilities without corresponding freedom, and treated as though their owners and managers were irresponsible children. Their would-be competitors, on the other hand, were given special privileges, were fostered, succored, developed, and were for varying periods of time little hampered by restrictive legislation.

Subsidized Highways

Much of rail traffic has been diverted to the highways. People in ever larger numbers have turned to travel by way of the private automobile, and buses and taxis have provided transport for those not having or wishing to use their own conveyances. Trucks have come to haul larger and larger portions of intercity freight as well as that within cities. Governments have long played some role in road building, maintenance, and, of course, such policing as was done. From the 1830's — when the Federal government abandoned extensive projects and state governments shifted their activities elsewhere — to the 1890's most road building was done by local governments, frequently counties. States began at about that time to play a larger role in road construction. They were doing much more by World War I, by which time automobiles and trucks were in widespread use.

The Federal government began to evince an interest in highways once again in the 1890's. Initially, this interest only resulted in such activities as surveys. To this end, $2,997 was spent in 1894. However, Federal expenditures grew over the years until by 1916 $662,785 was spent. In the latter year, the Federal government went more directly into highway construction by authorizing grants-in-aid to states "to establish post roads, regulate commerce, provide for common defense and promote general welfare." It entered much more extensively into road building by way of the Federal Highway Act of 1921. According to that Act the Secretary of Agriculture was to designate a system of interstate highways. For the construction of roads so denominated states were to be granted half the cost on a matching basis. Road building then got underway in earnest. Total expenditures for roads by all levels of government increased from approximately 1⅓ billions of dollars in 1921 to 2½ billions in 1930. The Federal share of

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spending increased from 4.68 per cent in 1921 to 37.11 in 1938, after which it decreased somewhat for a number of years.[8] Total government expenditures for road construction rose rapidly once again in the 1950's; by 1957 it had reached $5,662,000,000.[9] The Federal percentage began to increase once again also. This was even more the case as the Federal government gave priority to the Interstate system and began to fund it vigorously after 1956.

Railbeds Are Taxed

That the development and use of the highways had a debilitating impact on the railroads is clear. It should be clear, also, that governments were promoting highway use by road building and maintenance. The power of eminent domain was brought into use to acquire routes. The power of taxation was used to finance construction and maintenance. Governments undertook the erection of safety devices, patrolling, and the provision of auxiliary services such as aid to motorists in distress. They were aiding one form of transportation while they were restricting and inhibiting another. Whether those who have used these roads have borne the full burden of the costs is an interesting question, though one difficult to answer. Much of the cost has been paid by user taxes, such as those on gasoline, oil, tires, and so forth, but by no means all. It has been estimated that between 1921 and 1965 a total of $216 billions were spent by all governments within the United States on roads and highways. Only about 60 per cent of this has come from user taxes, leaving some $80 billion to be made up elsewhere. One writer notes that "a considerable fraction of the $80 billion of tax money clearly has provided a *public* route for the more than 16,000,000 buses and trucks which crowd our highways today."[10]

There have been efforts in recent years to close the gap and to have the users of the roads and highways pay for them fully by way of taxes related to their use. Even when and if this is done there is the much debated question of whether trucks and buses are paying their share through the taxes. This last question can be left for the experts to hassle over, but there is one difference between the users of the highways (and the users of airways and waterways) and the railroads that incontestably favors the former.

[8] See Marvin L. Fair and Ernest W. Williams, *Economics of Transportation* (New York: Harper, 1950), pp. 68-69.

[9] Nelson, *op. cit.*, p. 76.

[10] Stover, *op. cit.*, p. 137.

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The railroads have generally been treated as private property and have thus been assessed heavy real property taxes by local governments over the years. By contrast, highways are generally governmentally owned and are free from all property taxes. The result is a subtle but real promotion of highway use *vis à vis* the railroads by government. There are other differences to be taken up below.

Waterways

If there is doubt about the extent of government subsidization of highway travel, there can be little about the amount and extent of that of the use of the waterways. One writer notes that total "federal appropriations for the rivers and harbors program amounted to $4.6 billion through fiscal 1954. It has involved improvement and maintenance of some 286 commercial seacoast harbors, 131 Great Lakes harbors, and 22,500 miles of waterways, including several multiple-purpose dams."[11] Extensive expenditures have been authorized more recently for the St. Lawrence Seaway and the Ohio river, among others. States and cities have also undertaken improvements of ports and waterways. For example, the state of New York widened and deepened the Erie Canal early in the twentieth century at an expense of $176 million.[12] In consequence of all these expenditures there has been a dramatic rise in freight ton-miles shipped over water.

Users of the waterways pay little, if any, of the expense of improving and maintaining the rivers and harbors. Such costs as these users have, one economist notes, are "only the expenses of owning and operating equipment and of rendering services. Nothing is included for operating, maintaining and amortizing the federal investment in waterways . . . or for tax contributions on public waterway facilities."[13]

Air Travel

Air travel has also been extensively subsidized by governments. Most of the major airports in the United States have been built and are maintained by local governments, or agencies set up by them. The Federal government has also made extensive grants for the establishment of airports. Weather information for take-offs, landings, and flights is provided by the Federal government. Air space over the United States is, in effect, owned by the Federal government, and authority over it is exercised by the Federal Aviation

[11] Nelson, *op. cit.*, p. 85.

[12] Fair and Williams, *op. cit.*, p. 90.

[13] Nelson, *op. cit.*, p. 90.

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Agency. Acts passed in 1926 and 1938, according to a summary, authorize and direct "the Administrator of Civil Aeronautics to designate such civil airways as may be required in the public interest, and authorizes him to develop, establish, improve, operate, and maintain air navigation facilities wherever necessary. . . ."[14] Between 1925 and 1957 something over one billion dollars were spent in this operation within the United States. Airlines were rather extensively subsidized, at least in the early years, by government contracts for carrying the mails. A study made of the situation for 1940 concluded that if all subsidies to commercial airlines had been eliminated for that year, "gross revenues would have fallen from the actual $65,000,000 to only $50,550,000 and operating expense would have increased by $8,000,000. The 1940 net income of $6,900,000 would have been converted to a deficit of $15,300,000."[15]

Airplanes have not been quite as fortunate as barges and ships in the use of these governmentally provided facilities. They do have to pay for some of the facilities and services, at least some portion of the cost of them. Airplanes pay a fee to land at airports. They also pay a tax on fuel which partially pays for services rendered. However, there can be no doubt that the airlines have been heavily subsidized by governments. The House Committee on Appropriations observed in 1954: "This committee has year after year called attention to the fact that the Federal Government is providing huge sums for airway facilities and operations without reimbursement from the aviation industry. The committee does not propose to continue indefinitely making . . . such large appropriations unless some system of airway user charges is placed in effect. . . ."[16] Nonetheless, Congress has in recent years turned to the development of commercial aircraft.

Early Aid Was Repaid

It may be objected that the railroads were aided also in the early period of development. So far as it goes, the statement is correct, but there are some significant differences between that and the aid given to competitors in more recent times. In the first place, no new aid was given to the railroads by the Federal government (until very recently) after 1871; nor, so far as I know, was any extensive state or local aid given after that date. In the second place, the Federal aid was repaid over the years.

[14] Quoted in *ibid.*, p. 94.

[15] Fair and Williams, *op. cit.*, p. 114.

[16] Quoted in Nelson, *op. cit.*, p. 99.

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That which was extended as loans was, in general, repaid with interest. The lands granted were paid for over many years by the individual railroads which hauled government cargoes at reduced rates. One writer describes the culmination of the latter in this way: "Land-grant rate reductions and voluntary equilization of rates by competing railroads up to June 30, 1943, totaled an estimated $580 million. Since this was several times the value of the land grants at the time land was granted for railways and it exceeded the sums derived by the railroads from the grants, the Congress in 1945 relieved land-grant roads of the obligation and land-grant reductions ceased as of Oct. 1, 1946."[17] As for state and local aid, it has probably been repaid many times over by property taxes.

Other Aids to Rail Competitors

Governments have not only hamstrung the railroads with regulation, restricted them in various ways, taxed them, and subsidized competitors, but they have given other aid and comfort to them. They were usually regulated much later. Motor carriers did not come under general Federal regulation until 1935. They have also protected competitors rather assiduously.

[17] *Ibid.*, p. 69.

The Federal government has been most solicitous in the protection of water transport. It has frequently taken care to see that railroads did not underprice and drive out water carriers. A fantastic example of this solicitousness occurred several years ago when the Southern Railway proposed to haul grain in huge boxcars at greatly reduced rates. This, it was supposed, would have considerable effect on the transport of grain by barges on the Tennessee River. Therefore, the Interstate Commerce Commission held lengthy and involved hearings, going from town to town in the Tennessee Valley to explore the ramifications of the matter. In like manner, the railroads were long prohibited from the use of the "unit train" as a means of lowering rates. Bus and truck rates have usually been lower than rail rates. It is likely that this frequently would not have been the case were all means of transport competing vigorously and freely with one another.

Newer modes of transport have not only been subsidized and protected but also given special privileges. The most notable of these special privileges is the franchise. All interstate trucking common carriers have franchises for their activities. In like manner, states frequently license and franchise

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intrastate and intracity carriers. Entry into the taxicab business is usually restricted in some similar fashion. In like manner, airlines have their routes granted to them, and a limited number are permitted to service any area.

Franchise Privileges

It may be objected that the railroads were also franchised. So they were, but this had a somewhat different rationale. Railroads were expected to provide their thoroughfares, safety equipment, and stations – all of which were or became quite expensive. Franchises and other aids were granted to lure entrepreneurs into the business. By contrast, airlines, trucking, and water transport companies have not provided their thoroughfares, rarely provide safety equipment except that on their conveyances, and frequently do not provide their stations. Certainly, franchises were not needed to lure men into the trucking business, and it is doubtful whether airlines were for long promoted by this privilege. In any case, trucking and airline franchises were different; they were and are special privileges to use facilities provided by governments. The highways may have been built initially for all to use, but only those with special charters may use them commercially as common carriers. In like manner, the airways are there; they are open space above the earth altered only by surveillance and the provision of take-off and landing facilities. Yet only a most limited number of companies are permitted to use them for scheduled commercial purposes.

These chartered privileges have usually been granted in such ways as to protect established businesses and assure, so far as possible, the prosperity of those engaged in them. By limiting entry, governments have endeavored to see that only those would offer service who could continue to provide it, that they were protected from numerous small competitors, and that those earliest in the field would not be unceremoniously shoved out. If the railroads ever had such protection, it has long since lost its earlier significance. In any case, the railroads have long been stuck with special responsibilities while their competitors have been granted special advantages along with such responsibilities as they have.

A Brief for the Consumer

This work should not be mistaken, however, as a brief for the railroads. If it is a brief for anyone, it is a brief for the consumer. And the consumer has frequently been disadvantaged by govern-

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ment policies on all means of transport. The limiting of entry to various fields has reduced the price and service competition which the consumer would otherwise have enjoyed. In interstate moves of household furniture today, for example, the shipper pays tribute, wittingly or not, to some company which has the good fortune to be franchised. The moving company involved may not own a single piece of moving equipment – though some of them do – nor have any of its employees touch one item of household goods. Whether it does or not, it gets a considerable cut out of the moving bill because it holds a franchise for the interstate movement of household goods to the appropriate places. Whether it performs a commensurate service can be determined by doing away with all such franchises and seeing how well such companies fare.

Less Restraint on Private Noncommercial Transport

Yet another major infelicity has resulted from government intervention in commercial transport. However late it has come, regulation and restriction has come to almost all commercial transport in greater or lesser degrees. By contrast, private noncommercial transport has much fewer and more limited restrictions and restraints. For example, one may operate his personal automobile without a special franchise, may travel by whatever route of highways he chooses, have as his destination whatever town in whatever state he pleases, notify no authorities of his intention, abandon any service he has provided to others, cease to travel regularly between points where he customarily did, sell his automobile if he grows weary of it, and so on through an extensive list of freedoms. So may he do with his truck generally, so long as he does not haul for others. With some reservations, much the same can be said for private airplanes and boats, and for railroads that go nowhere of commercial interest.

The consequences of this difference between the government treatment of commercial and private transport are everywhere to be seen. It is most apparent on the highways and city streets but it can also be seen in the airways and waterways. Much of public transport has been abandoned, shifted from the railroads to highways, or is in varying degrees of trouble. City street transportation systems have become money losers in numerous places. By contrast, private conveyances proliferate: they clog the highways and streets, are now said to menace the airways, and make many

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waterways hazardous. Not all of this should be attributed to differential government intervention but much of it should. Hampered common carriers and largely unhampered private carriers result in inordinate growth of private conveyances and stultification of common carrier enterprises.

The railroads are, however, the main subject of this work, and it is appropriate to focus upon them once again. They have been throttled by regulation and restriction, had their traffic reduced by aids given to competitors, and been made to look as if theirs was a dying industry by special protections to competitors. They were also the earliest major industry to have large numbers of their employees organized in labor unions. That part of the story must now be told.

Next: The Grip of the Unions.

IDEAS ON LIBERTY

Government in Business

HAVE YOU ever heard of a private firm proposing to "solve" a shortage of the product it sells by telling people to buy less? Certainly not. Private firms welcome customers, and expand when their product is in heavy demand – thus servicing and benefiting their customers as well as themselves. It is only *government* that "solves" the traffic problems on its streets by forcing trucks (or private cars or buses) off the road. According to that principle, the "ideal" solution to traffic congestion is to outlaw all vehicles! And yet, such are the suggestions one comes to expect under government management.

Is there traffic congestion? Ban all cars! Water shortage? Drink less water! Postal deficit? Cut mail deliveries to one a day! Crime in urban areas? Impose curfews! No private supplier could long stay in business if he thus reacted to the wishes of customers. But when government is the supplier, instead of being guided by what the customer wants, it directs him to do with less or do without. While the motto of private enterprise is "the customer is always right," the slogan of government is "the public be damned!"

MURRAY N. ROTHBARD

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50 years OF ENGINEERING

BEN MOREELL

IN 1844 the United States Commissioner of Patents declared that our economy was "substantially mature" and predicted "the arrival of that period when human improvement must end."

Forty-two years later, in 1886, Carroll D. Wright, the first United States Commissioner of Labor stated:

> Industry has been enormously developed, cities have been transformed, distances covered, and a new set of economic tools has been given in profusion to rich countries and, in a more reasonable amount, to poorer ones. What is strictly necessary has been done. There may be room for further intensive but not extensive development of industry in the present area of civilization.

In 1933, forty-seven years later, President Roosevelt said:

> We have enough factories to supply all our domestic needs, and more, if they are used. With these factories we can now make more shoes, more textiles, more steel, more radios, more automobiles, more of almost everything than we can use. . . . Our industrial plant is built. . . . Our task now . . . is not producing more goods . . . it is the soberer, less dramatic business of administering resources and plants already in hand.

Thus spoke the cultists of the "mature economy," with firm conviction and, as proved by later events, with maximum error. Even as recently as 37 years ago, it appears that our government officials were not aware that man's wants are insatiable. Man has certain basic needs, but once these are taken care of, men seek the things of culture – goods of the mind and

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spirit, and the leisure to enjoy them. And when men are free to exercise their ingenuity and skills, they find ways to produce fantastic luxuries which soon become commonplace necessities. Those prophets of economic stagnation whom I have quoted were convinced that our sole problem was to devise equitable methods of "dividing up the pie" already on hand. They were wrong. The mainspring of our economic progress consists in making an ever larger pie by expanding the scope and variety of our technological, social, and economic resources.

It is pertinent to note an important difference between the statement of Commissioner Wright in 1886 and that of President Roosevelt in 1933. The former was offered as an opinion for public consideration, to be acted upon as individual judgments might dictate; the latter was derived from the President's conclusion that:

> . . . in our generation a new idea has come to dominate thought about government – the idea that the resources of the Nation can be made to produce a far higher standard of living for the masses if only government is intelligent and energetic in giving the right direction to economic life.

All the power and prestige of the Executive Branch and, so far as the President could influence them, of the Legislative and Judicial Branches, would be directed toward maximizing consumption as opposed to increasing production; encouraging widespread distribution as against capital formation; promoting dependence on government-guaranteed security as against freedom of competitive enterprise.

Cumulative Achievements

My subject is "Fifty Years of Engineering." This might imply that one can draw a sharp line of demarcation between engineering developments prior to 1920 and those which came later. This is an impossible task. For all human progress is founded on the cumulative achievements of countless toilers who, over the ages, have contributed to the vast store of knowledge from which we engineers draw our intellectual inspiration and our technological sustenance. Were it not for the labors of those predecessors, our progress to date in science and technology, as well as in many other areas, would have been impossible. Starting with the invention of the wheel about 4,500 years ago and proceeding through the ages to our present era of sophisticated technology, the record of material progress constitutes an accounting of our debts to our scientific and technological forebears.

I freely concede that during the

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period from 1920 to 1970 the cumulative efforts of our professional ancestry have come to fruition in far greater profusion than during all of prior recorded history. Nor would I detract from the great credit due our contemporaries and those of the preceding generation for their contribution to this achievement. We are fully justified in pointing with pride to such developments during the past half century as the harnessing of the atom; jet propulsion; greatly improved communication by means of telephones, radio, television, satellites, laser beams, and others; computer science and electronic data processing; space and ocean exploration; transportation by air, land, and water; development of new materials and revolutionary improvements of old ones; missiles and rockets; advanced techniques in the design, construction, operation, and maintenance of engineering structures; and vastly improved management procedures which make possible the effective applications of these and many other developments.

This has been an epoch of brilliant advances in science and technology. And just as we cannot draw a sharp line to mark its beginning in 1920, so should we not assume that it will end in 1970.

But we must be aware of certain hazards which accompany this progress and which seem to be multiplying.

The "American Way"

Our American productive machine is highly mechanized. This is true not only of the business and industrial sector but also of our agricultural production. This system provides livelihoods for 205,000,000 of our own people and helps support and protect much of the rest of the world.

How does one account for this nation's amazing capacity to produce? Our people are no more talented than those of the countries whence they came. Our country is no more favored with natural advantages than many others. Furthermore, our resources lay for centuries relatively unused, supporting fewer than a million inhabitants. Now, our 6 per cent of the world's people produce about 50 per cent of the world's goods.

Wherein do we differ from others? The significant difference is that there was established here a governmental system whose mechanisms were designed to minimize coercive force and release the creative energies of individuals.

The fundamental of fundamentals of the plan for living in these United States, which has become known as the "American Way of Life," was an economically inde-

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pendent citizenry supporting and controlling a government so limited and confined by a written Constitution that the age-old political trick of controlling people's lives under the guise of a concern for their welfare could never be pulled in America. There was to be a new order of things in which men should be free. But this reckoning failed to take into account some of the loopholes in that Constitution and the ingenuity of demagogues in taking advantage of them. The result is erosion of productivity.

Men Who Would Be Free Must Limit Government

This nation was founded on the principle of a limited government. And judging from the costs of government, it operated that way throughout all of its earlier history. But progressively more and more of the people's incomes have been taxed away by government, especially over the past several decades. This reduces the area over which the individual can exercise his freedom of choice to spend his income as he pleases. An increasing percentage is spent as officialdom dictates.

The opposite of freedom is slavery; and everyone declares in favor of freedom. But, "What is essential to the idea of a slave?" asked Herbert Spencer in his great book, *Man versus the State*. He goes on to answer his own question:

> We primarily think of him [the slave] as one who is owned by another. To be more than nominal, however, the ownership must be shown by control of the slave's actions – a control which is habitually for the benefit of the controller. That which fundamentally distinguishes the slave is that he labors under coercion to satisfy another's desires . . . the essential question is—how much is he compelled to labor for other benefit than his own and how much can he labor for his own benefit?

When our country was young, its citizens worked for their own benefit. Now that the tax take on the average is 42 cents out of every dollar earned, the average citizen works only 58 per cent of the time for his own benefit. And the trend is continuing.[1]

Threats to Progress

Today the greatest threat to personal liberty everywhere arises, not from aggressions by other nations, but from encroachments by governments upon the rights of their own citizens. If, overnight, all governments were compelled by some higher power to confine their activities solely to the protection

[1] The tax by all levels of government grew from less than 5 cents per dollar of personal income prior to the Civil War to 42 cents today.

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of the lives, limbs, liberties, and honestly acquired property of their own citizens, the world would enter upon an era of peace, productivity, and spiritual and material prosperity. It is when those who control governments induce their citizens to support ambitious schemes for extension of their power on the international scene that controversy and wars result. It is clear that to avoid such disasters the constitutional limitations on the powers of government must be strictly enforced by the weight of an informed public opinion.

The great conflict of our day is between coercion of the individual and suppression of his creative energies by his own government on the one hand, as opposed to freedom of the individual acting voluntarily in obedience to the restrictions of God's moral code on the other.

In this conflict engineers have a unique responsibility because their education, training, and experience teach them the importance of fixed principles and immutable laws and the dangers which flow from ignoring or disobeying them. For example, the engineer knows that in electricity he is dealing with a powerful force which operates according to certain laws. It is his duty to know those laws. He knows that electricity, uncontrolled, can destroy and kill. But when controlled and directed in conformity with the laws of nature it can be a powerful servant to mankind.

The engineer is, therefore, especially qualified to understand and to help others understand the great fundamental truth which is being ignored in human affairs today: that there are similar fixed and unchanging principles governing human nature and human relations in life on this planet. The forces of human nature, like those of the physical world, may be constructive, creative, and so directed that they will help build a better life for all; or they can be destructive and disintegrating, even to the extent of destroying the physical as well as the spiritual structure of a great civilization.

Undue Reliance on Technology

José Ortega y Gasset, the great contemporary Spanish philosopher, has pointed up the peril of ignoring the great moral and spiritual laws of which I speak. He said:

> I wish it would dawn upon engineers that, in order to be an engineer, it is not enough to be an engineer. While they are minding their own business, history may be pulling the ground from under their feet. People believe modern technology more firmly established in history than all previous technologies because of its scientific foundations. But this alleged security is illusory.

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Indeed, it is just this feeling of security which is endangering Western civilization. The belief in progress, the conviction that on this level of history a major setback can no longer happen, and the world will go the full length of prosperity, has loosened the rivets of human caution and flung open the gates for a new invasion of barbarism.[2]

Ortega has thus described the issue dramatically. We are too sure of ourselves, too complacent in a time of great danger. We place too much reliance on our technical skill, our command of natural physical forces and energy, and our matchless ability to produce. Intoxicated with pride in our achievements, immersed in the interesting problems still unsolved, we have left unguarded the gates through which are pouring those destructive hordes and forces of that "new invasion of barbarism" to which Ortega refers.

The Answer

The laws, the fixed and basic principles governing the development of the individual and his society, are as old as civilization. Some of those principles had to be discovered and practiced before man could start on his long journey from his status as a predatory animal toward the still far distant goal of human perfection. Those unchanging spiritual and moral precepts designed by the Creator, discovered by inspired prophets of mankind, stated and restated for man's guidance through the ages, include the fixed moral absolutes of the Ten Commandments, the Sermon on the Mount, and the Golden Rule. These, in turn, require that if a man wishes to be free to use his faculties as he may choose he must accept personal moral responsibility for the manner in which he uses them.

The creative urge, implanted by God in all normal human beings, thrives under liberty. But liberty is possible only when individuals are self-reliant and conduct themselves toward each other in a climate of mutual respect and encouragement of those human qualities and forces which stimulate growth and maximum individual development. Dr. Felix Morley, political economist and author, states the case thus:

> When the American people have been self-reliant, mutually helpful and considerate, determined in their mistrust of political authority, this nation has been "in form"; its tradition alive, its contribution to civilization outstanding.[3]

It is clear from the foregoing that the material blessings we

[2] *Toward a Philosophy of History*, pp. 103-105.

[3] *The Power in the People.*

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Americans have been enjoying are not self-perpetuating. They are premised on certain spiritual and cultural values which this generation did not create, which it inherited, and, as the record clearly shows, which it is losing. We are living off our capital. That is the quickest way to go bankrupt. And I am sure the stability of our social structure cannot long outlast the exhaustion of our spiritual and cultural capital.

I have spoken to you as an engineer. I have stated that the engineer's responsibility to the social order is magnified because of his education, training, experience, and his indebtedness to his professional forebears. I have voiced my conviction that only as we contribute to the creation and maintenance of a climate conducive to social progress can we discharge the responsibilities imposed upon us when we entered our profession. In the larger sense, when we accept the emoluments and perquisites of that profession, we enlist as servants of society. If we are true to our heritage we must discharge our obligations as engineers and as citizens and, by our example, show the way for others who cry out for moral leadership in this time of national peril.

Without such dedication to the eternal verities of a free society, the tourist guides of some future generation may well recount, with traditional professional boredom, to their wide-eyed charges the story of how "pyramids" of great cost and no utility, were built by the engineers of the twentieth century!

IDEAS ON LIBERTY

James Madison

GOVERNMENT is instituted to protect property of every sort; as well that which lies in the various rights of individuals, as that which the term particularly expresses. This being *the end of government*, that alone is a *just* government, which *impartially* secures to every man, whatever is his *own*. . . . That is not a just government, nor is property secure under it, where the property which a man has in his personal safety and personal liberty, is violated by arbitrary seizures of one class of citizens for the service of the rest.

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THE ART OF COMMUNITY

IT IS MANY YEARS since I met Spencer Heath, a bearded gentleman (he'd be right in style now) who had a delightfully free way of looking at things. Among his many theories was one which made the landlord the center of an ideal economic and political – or maybe one should say a-political – order. Mr. Heath's utopia was pre-Norman England, where, as his researches did much to prove, free men paid rent for productive land instead of taxes to unproductive politicians. It was Mr. Heath's contention that a landlord could sell, for market value, everything from police and fire protection to public utility services without plunging a community into serfdom.

Naturally, Mr. Heath encountered many doubters. His book, *Citadel, Market and Altar*, didn't make many converts. The world has wagged on since Mr. Heath died, and those who refused to listen to his theories haven't noticeably advanced the cause of freedom or improved the quality of our life. Since children aren't known for their pertinacity about carrying on the work of their fathers, a full generation has passed since Mr. Heath started outlining his theories.

Now a grandson of Mr. Heath, Spencer T. MacCallum, has mounted his charger to advance the cause of his grandfather. Mr. MacCallum's book, *The Art of Community* (Institute for Humane Studies, Inc., P. O. Box 727, Menlo Park, Calif. 94025. $4.00 cloth, $2.00 paper), is a legitimate extension of *Citadel, Market and Altar*, and it may be more convincing to the pragmatists among us simply because it proceeds by exploring current trends to show how people unconsciously turn to good theory when the practices resulting from bad theory have let them down.

Mr. MacCallum is a trained anthropologist, which means that he can look at community organization without blinking. He sees an "art of community" developing empirically, spurred only by the efforts of people to make profits by supplying services that states and municipalities have fumbled with so badly. To those who say that a community must be political in nature, he offers hotels, shopping centers, industrial estates, real estate complexes such as Rockefeller Cen-

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ter, condominiums, marinas, science research centers, and "new towns." Some of these combine individual private ownership with paying fees for the use of common lands or common services that are open to all participants in a community venture. But the point is that one can buy protection or transportation or access to a swimming pool or a playground without going through the often disappointing rigmarole of politics to get it.

The basis of the "art of community" is contract. Ordinarily one thinks of contract as something that binds separate individuals. Mr. MacCallum is not against the individual ownership of homes or acreage, but the defect of such ownership is that it can't ordinarily provide for police and fire protection and public utilities without bringing in the state. The atomized private plot is at the mercy of "neighborhood effects" which the purchaser never bargained for. Accordingly he may find himself abandoning some of his own rights as a private owner by accepting zoning regulations, or by giving a right-of-way to a gas transmission company under threat of expropriation by state invocation of eminent domain. Mr. MacCallum thinks individuals could get better bargains by combining their units to form proprietary communities with central planning powers. The unreconstructed individual will bridle at this suggestion, but Mr. MacCallum quite soothingly insists that membership in a proprietary community must go by voluntary choice under contractual arrangements. One need not be forced to do anything; if one doesn't like the decisions of the proprietary authority, one can sell his own particular condominium, or refuse to renew his lease.

Mr. MacCallum contrasts the downtown shopping centers in our congested cities with the new-style suburban shopping areas to make his points. The downtown merchants may all agree that they need more parking space near them for automobiles. But no one of them will willingly allow his own property to be condemned to provide parking space for the other merchants in his association. The political arm must be called in to bust a few recalcitrants so that others may benefit. Naturally, this creates bad blood or political corruption or both. Since politicians live to be reelected even more than they live to serve the community, they will do not what is aesthetically right but what is necessary to get the most votes the next time around.

In the suburban shopping center, the proprietor can make whatever decisions he wants, provided he doesn't break one of his contrac-

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tual promises. The proprietor sells a variety of services to those who like them well enough to make contracts to pay for them. The services can include parking, roads, lighting, landscaped common areas, police and fire protection, storm sewers, even sewage disposal.

Mr. MacCallum offers some fascinating bits of history of a sort that doesn't usually get into the standard history texts. I'd like to know more about such characters as James B. Douglas, the pioneer of the Northgate "regional" shopping center in Seattle, who first worked out the theory of the "cumulative pull." Douglas began by insisting on the "Noah's Ark Principle" of supplying two competitors for every type of good that a shopping center had to sell. (Today the rule is obsolete; two are no longer adequate.)

Then there is Edward H. Bouton of Baltimore, whose Roland Park development provided for orderly residential planning adjacent to a shopping center. The pioneer of the industrial estate seems to have been Marshall Stevens, who built a ship canal from Liverpool to Manchester only to discover that the cotton millers, who had marriage ties with the cotton shippers of Liverpool, disdained to use his waterway. To save his canal investment, Mr. Stevens prepared a large tract of land in Manchester for industrial use, putting in the streets and supplying the utilities. He leased the land to various industrialists, thus creating Trafford Park, England's first proprietary industrial park.

In their own way such pioneers as Bouton, Douglas, and Stevens were practitioners of Leonard Read's "anything that's peaceful" philosophy. They were communitarians rather than individualists, but they did not bring in that engine of compulsion, the state, to solve the problems of group living that they posed.

It is hard to see the whole world being saved by the development of proprietary communities. Some people want a more complete type of privacy than is to be found in planned estates of one type or another. But the world could only benefit by a vast extension of the sort of thing that engages Mr. MacCallum's enthusiasm. As long as he sticks to contract as the binder in his "art of community," no individualist, whether unreconstructed or not, can find fault with his theory. His book on the proprietary community is stimulating, and even the most obdurate live-alone-and-like-it individualists among our depleted tribe of voluntarists would do well to read and ponder Mr. MacCallum's conclusions.

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